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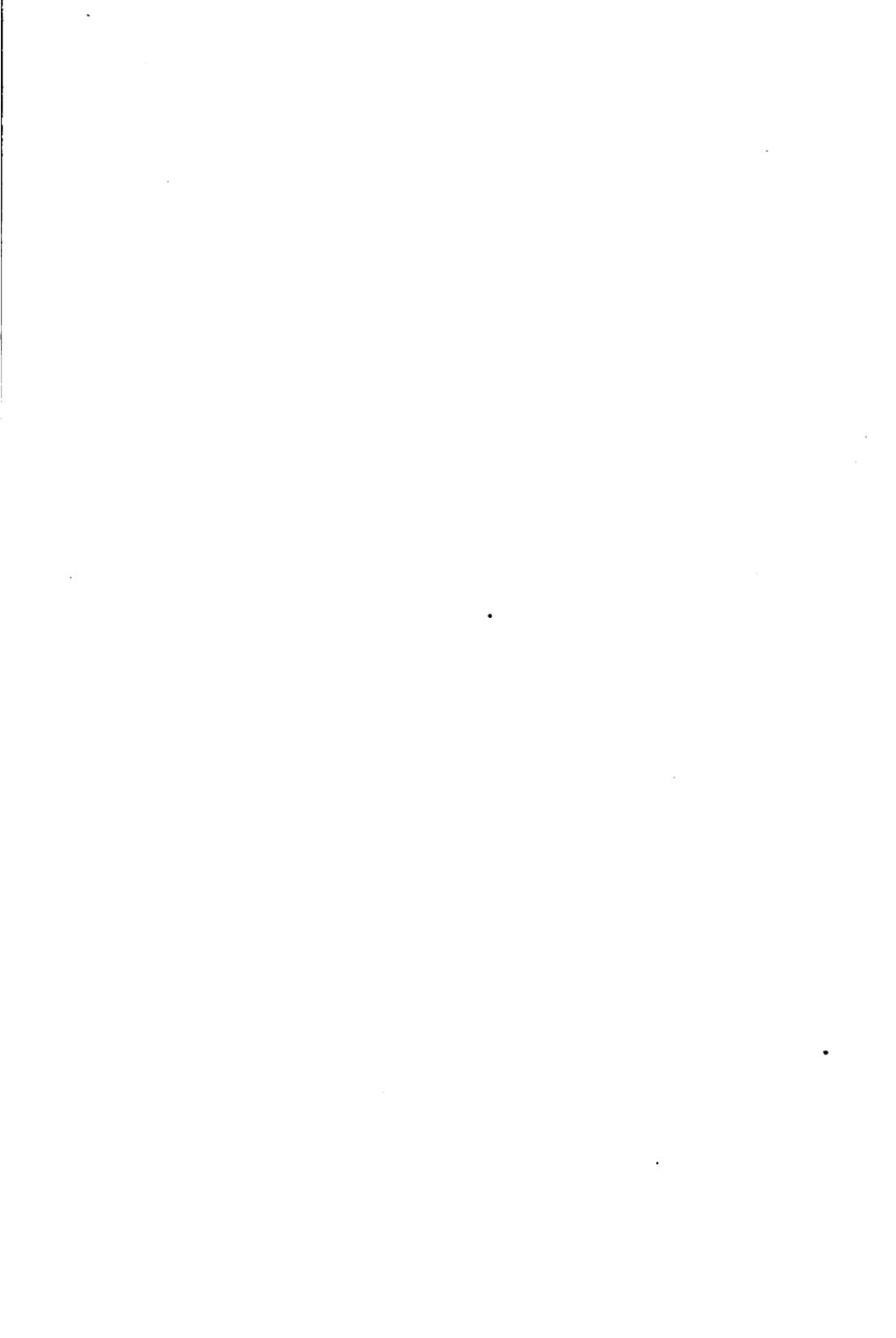
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# Pulling Together

By  
JOHN T. BRODERICK

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With Introduction by  
**CHARLES P. STEINMETZ, Ph.D.**

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**TO  
EMPLOYERS AND EMPLOYEES ALIKE  
WHO HELP EACH OTHER AND THE PUBLIC  
TO SEE A SOUL IN INDUSTRY  
THIS BOOK IS DEDICATED**



## INTRODUCTION

In modern society capital and labor are both necessary for industrial production; and capital and labor, the employer and the employee, must therefore coöperate to bring about the greatest efficiency of industrial production and so give the largest returns to both alike—to capital and to labor. Internal strife and warfare, lockouts and strikes, inevitably bring harm to both sides, no matter who is the winner, and more still to the public; and after all the employer and the employee are both part of the public. Thus the great problem before the industrial world today is the problem of conciliation and coöperation. It is necessary to eliminate the strained relations between employer and employee which now exist to such a great extent and periodically bring about industrial warfare and to replace them by a system of orderly coöperation.

## *INTRODUCTION*

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It was not the fault of capital that the present unsatisfactory condition was brought about; neither was it the fault of labor: it was the natural result of our industrial development. In the days of small industrial production the employer was the owner of the business and the employee sold his labor for his wages and was satisfied therewith in the hope that some day he would become an employer and himself hire employees; and if some employers became autocratic or otherwise objectionable there were thousands of other employers to choose from. The frightful inefficiency of small production inevitably led to the organization of production in larger and larger units. With this the balance of power shifted, leading to the organization of the employees; and now in the contentions between the two militant organizations the interests of industry as a whole, and therefore of the public at large, suffer. Thus thinking

## ***INTRODUCTION***

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people in all walks of life are forced to realize more and more that something must be done to bring about better industrial relations.

In his narrative "Pulling Together" Mr. Broderick gives a clear exposition and discussion of a plan which in one form or other is rapidly growing in favor and in many instances where it has been honestly tried has led to increased co-operation. The book is written in a style that makes it engaging and of value to the average reader but it is also likely to be found very interesting by the men who through craft organization seek the good of labor as well as by industrial managers and engineers.

**CHARLES P. STEINMETZ.**



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# PULLING TOGETHER

## CHAPTER I

### THE SETTING

For one who enjoys mingling with his kind without the ceremony of an introduction, or the giving or receiving of credentials of any sort, the smoking room of a parlor car is a favorite place of entertainment and instruction. Men who are habitually reticent or self-centered are often moved to "point a moral or adorn a tale" when they meet in a casual way in that clubby little compartment. A busy industrial leader, for example, thinking himself incognito and his utterances not likely to be quoted, is more communicative there than anywhere else outside of his domestic circle and imparts information, voluntarily, concerning this or that business problem, of a character not ob-

tainable by the most skillful interviewer through conscious effort. And the information, too, is apt to be based upon profound study of the problem to which it relates combined with experience gained in seeking to solve it, and therefore to be peculiarly illuminating.

It was in one of these compartments, while riding from New York to Albany one afternoon recently, that I listened to a dialogue in the course of which things lying wholly within the pale of my experience acquired a meaning which they had never before had for me. I saw them in substance as I had always seen them but with an altered understanding much as one sees in a dream the humdrum circumstances of his waking hours. I do not mean that my change of perception was in any sense extraordinary; it was rather such a change as may readily be brought about through an unaccustomed grouping of any familiar facts.

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The talk referred to was started and its direction from time to time influenced by a traveling salesman with a philosophic turn of mind and thirst for knowledge. The chief participant—the individual who, if I were writing a play instead of recording a mere conversation, would have to be called the hero—was a prosperous looking man of middle age who at first described himself as a manufacturer, but announced subsequently that he was the president of a well-known corporation operating a group of plants in the middle West employing some thirty thousand people.

The subject dealt with may seem quite prosaic in its external aspects but from all that I heard during that journey of three hours it is pregnant enough with human interest. It has been given a variety of designations but is known most widely as employee representation; such representation, in the case of industrial

enterprises, irrespective of the particular form that may be given to it, signifying management through coöperation as distinguished from the conventional driving method which has become ineffective with changing conditions.

My reproduction of the dialogue is made with the knowledge of the two individuals described; but their names are omitted. The identity of the salesman is immaterial in any event; and the manufacturer, who seemed to have an aversion to publicity, in consenting cordially to the use of the material he supplied, asked me to make no mention of his name or that of the concern with which he is associated. As a one-time newspaper reporter I can see the propriety of complying with such a request made explicitly and for a valid personal reason.

One word more to complete this initial chapter and I shall thenceforth do my best to keep in the background as becomes

one whose office is merely that of a recorder. The points discussed by my fellow travelers were so suggestive and even edifying to me that I naturally assume they will be so to others—particularly to the men who are finding the burdens of industrial management increasingly onerous on account of labor difficulties and others equally grave if less acute. That such assumption may prove to be correct is the hope in which this little volume is published.



## CHAPTER II

### MUTUALITY OF INTEREST

The salesman thrust aside a newspaper upon which his attention had been focused for a short time after our departure from New York and lighting a cigar opened the dialogue thus:

“Industrial leaders all over the country seem to be viewing the employee representation plan with favor. An article that I have just been reading indicates that much but fails to give a clear enough description of the plan, so far as its groundwork and purpose go, to enable a layman to form any opinion of its merits. One must be a close student of economics nowadays in order to understand what is happening in the field of industry.”

These remarks were uttered in a soliloquizing tone and a civil comment in mono-syllables from some near-by auditor

seemed to me at the moment about all that they called for. It was different, however, with the manufacturer. Withdrawing his eyes from a magazine and fixing them upon the speaker with the suddenly awakened interest of a youth who has overheard something about his home town, he started to tell what he knew about employee representation.

“Possibly I can enlighten you a little,” he said. “The feature of novelty in the plan that you speak of and the one that is causing those who seek industrial peace to turn toward it with hope, such as they have not had for years, is the recognition it gives to an important elemental fact which has been overlooked or obscured by controversy.”

The talk thenceforth took the natural course of conversations between men of affairs meeting under circumstances such as those outlined, and the report of it which I am giving is in the language em-

ployed by my companions as far as I am able to recall it with the aid of jottings with which I filled a small notebook after reaching my home.

“An important elemental fact overlooked!” exclaimed the salesman. “That indeed seems strange. What fact can there possibly be that has failed to receive its full share of attention in the voluminous discussions between capital and labor during the past fifty years?”

“The fact that the interests of those engaged in industry,” replied the manufacturer, “whatever the nature of the functions they exercise or of the service they perform, are, or should be, identical, not dissimilar, and therefore that their relations should be harmonious, not antagonistic. It has long been customary to look upon industry as a field of conflict occupied by two opposing forces each doing its utmost to cripple, overpower and even annihilate the other; but the

employee representation plan makes production the chief end of industry and is also predicated upon the idea that the industrial system is dependent for its existence upon coördinated effort and that the human beings who supply that effort have motives and purposes that are common and cannot be otherwise."

"I think I see the drift of your thought," observed the salesman. "Something ought to be done to eliminate the discordant influences in industry. An increase of common sense and sanity is certainly needed; but, after all, is the mutuality of interest that you speak of anything more than a pleasing abstraction—something to be desired but quite unattainable?"

"Reflection will show you that mutuality of interest is real," said the manufacturer. "True, it has been given the appearance of an abstraction through confusion of terms, the fostering of class dis-

tinctions and prejudice and unfortunately a considerable amount of injustice arising from misunderstanding or engendered by greed. But when stated in simple language it seems altogether practical. Those who provide capital to organize and carry on an enterprise want a return for their investment, which, in the final analysis, is compensation for service. Those who supply technical and administrative skill want salaries or other emoluments which are often meagre enough in proportion to the service rendered in developing economical processes of manufacture, finding markets, coördinating activities of all kinds and, in short, giving workable form and utility to the enterprise. Those who contribute the labor needed in production want reasonable assurance of employment as well as the assurance of wages commensurate at least with a standard of living which is recognized as reasonable. In the mingling and harmonizing of these natural wants lie the common

sense and sanity that you speak of; and it is common sense and sanity that men and women everywhere always prize and now devoutly pray for."

"In the past," he continued, "there has been fear of organized exploitation, fear of wage-slavery, fear of many direful things which, if brought about, could not be of permanent benefit to any class. Lurid pictures have been painted of the autocratic exercise of power in industry. Such exercise of power must of course be as futile in industry as it is elsewhere."

## CHAPTER III

### AUTOCRACY

The salesman with his interest in whys and wherefores wanted autocracy defined.

“There has certainly been a vast amount of talk about autocratic rule,” he interrupted, “and I am not sure that if I were asked to do so I could state the meaning of the term, at least as it is commonly employed. The talk at times has seemed to me to border on hysteria.”

“Autocracy, my friend,” said the manufacturer with growing geniality, “has sometimes been taken altogether too seriously, even by people whose habits of thought are temperate; for it is a failure and has always been a failure. There is no necessity even of combating it except to hasten its destruction so that the contemporaneous damage which it is capable of doing may be minimized; for, given time enough, it is self-destructive. An-

cient Persia furnishes a striking example of that. Some of the kings of that country carried their autocracy to so absurd an extent as to treat patriotism, when it disturbed their individual comfort, as a capital crime. The accounts that have come down to us show that they adopted the practice of killing subjects who brought to them news of an invasion or other danger to the state. The killing was accomplished easily enough but Persia grew poor in faithful subjects and eventually perished. I cite that instance, bear in mind, only in support of what I said as to the self-destructive nature of autocracy. The complete and irretrievable ruin incidentally wrought could not be paralleled nowadays for two reasons, first, because it would not be permitted and, secondly, because modern autocrats themselves have ready means of learning that the methods which they instinctively prefer are suicidal and are therefore im-

elled constantly to abandon them from expediency."

"Pardon me, sir," interrupted the salesman, "but I fear you are carrying me away from the realm of things that I am able to visualize. I confess that I am quite unfamiliar with Persian history. Most of my time is occupied selling machine tools. What you said about the exercise of autocratic power in industry excites my interest, however, as it seems to have a practical relationship to my livelihood and that of my friends. What is the precise connection between such autocracy and the employee representation plan?"

"The answer to your question," said the manufacturer, "is suggested by applying to modern industry the words of Genesis, 'Let there be light.' The employee representation plan calls above all other things for light—for the kind of guidance that comes from a marshaling,

sorting and weighing of simple facts; it requires the substitution of reason for bickering and, aside from the force of reason and of good example, dispenses with force in any form; and therefore its effect must be to prevent the development of autocratic tendencies in any one."

"In any one!" the salesman echoed. "Is it to be presumed, then, that autocracy is not confined to kings and captains of industry?"

"The prevailing notion is that kings and captains of industry have a monopoly of it," said the manufacturer, "but prevailing notions are not always reliable, being based largely upon hearsay which is a composite reproduction of truth and error, with error often predominating. Autocracy may be compared to a coarse weed that is indigenous in a variety of climates. No environment or social status is peculiarly favorable to its growth. It seems, in fact, to be a perversity which is

apt to be manifested in any human being anywhere and under any conditions and for which intercourse is the usual corrective. The doings of kings and others entrusted with leadership in human affairs have been conspicuous and on that account the kind of autocracy that some of them have been shortsighted enough to practice is much talked of and therefore familiar; but autocratic tendencies and practices are often as much a characteristic of those who have little power and influence as those who have much. Even gender seems to have no bearing on the case, for women often insist upon having their way although it must be acknowledged that their way is sometimes a wise one. Children, moreover, while still in the nursery, frequently show a greater readiness to rule than to acquire the knowledge that they need, and at times make domestic life anything but tranquil with their petty tyrannies. You of course recall, as every one

must, the ubiquitous school bully with his swaggering air and high-handed methods. Passing over as of little moment the particular forms in which his disregard of the rights and feelings of others is shown, and viewing him as a type, exactly why is he feared, disliked and avoided when it is possible to avoid him? The answer is that his viewpoint is distorted. He fancies that he can best gain his ends through force."

"My recollection of that perennial disturber of schoolboy peace is clear enough," said the salesman, "but I never thought him vicious."

"As a rule he is not vicious," replied the manufacturer, "he is merely an embryonic autocrat with no understanding of the meaning of human relations. Contact with other boys frequently develops in him that understanding, causes a shifting of his perspective and gives him a clue to the value of comradeship based

upon mutual service; and presently, if endowed with sagacity enough to follow the clue, as is generally the case, he sees for himself that it is easy to be a bully but that it does not pay to be one."



## CHAPTER IV

### CLANS, CLIQUES AND CLASSES

An exchange of reminiscences of school life, with the bully as a central figure, afforded much amusement for a short period, after which the manufacturer proceeded with the analogy which he had been drawing.

“To again return to industrial matters,” he said, “some day even the labor unions which are entitled to a world of credit for demonstrating the value of teamwork in industry—by clumsy methods and in a limited way to be sure—may discard the autocratic tactics that make them obnoxious and as a consequence become an accepted factor, and on that account a factor of increased usefulness, in the promotion of progress. Such a reformation may be brought about gradually as the men who affiliate with

the unions are afforded opportunity to see from a variety of viewpoints the problems that for a long time they got no glimpse of save from one viewpoint. And I am certain from my experience that more is to be gained by helping to develop so needful an opportunity than by attempting, openly or covertly, to break up the unions."

"Organizations of labor," he went on in a tone of dispassionate analysis, "apparently have had a mission more or less valid and they are destined either to perish because the mission has been fulfilled, and therefore there is no need of concerted opposition to them, or to survive with improved formulas, an expanded program and, as intimated a moment ago, with capacity for service which will be cordially welcomed by those who now think their influence wholly maleficent."

"I cannot guess the nature of your ex-

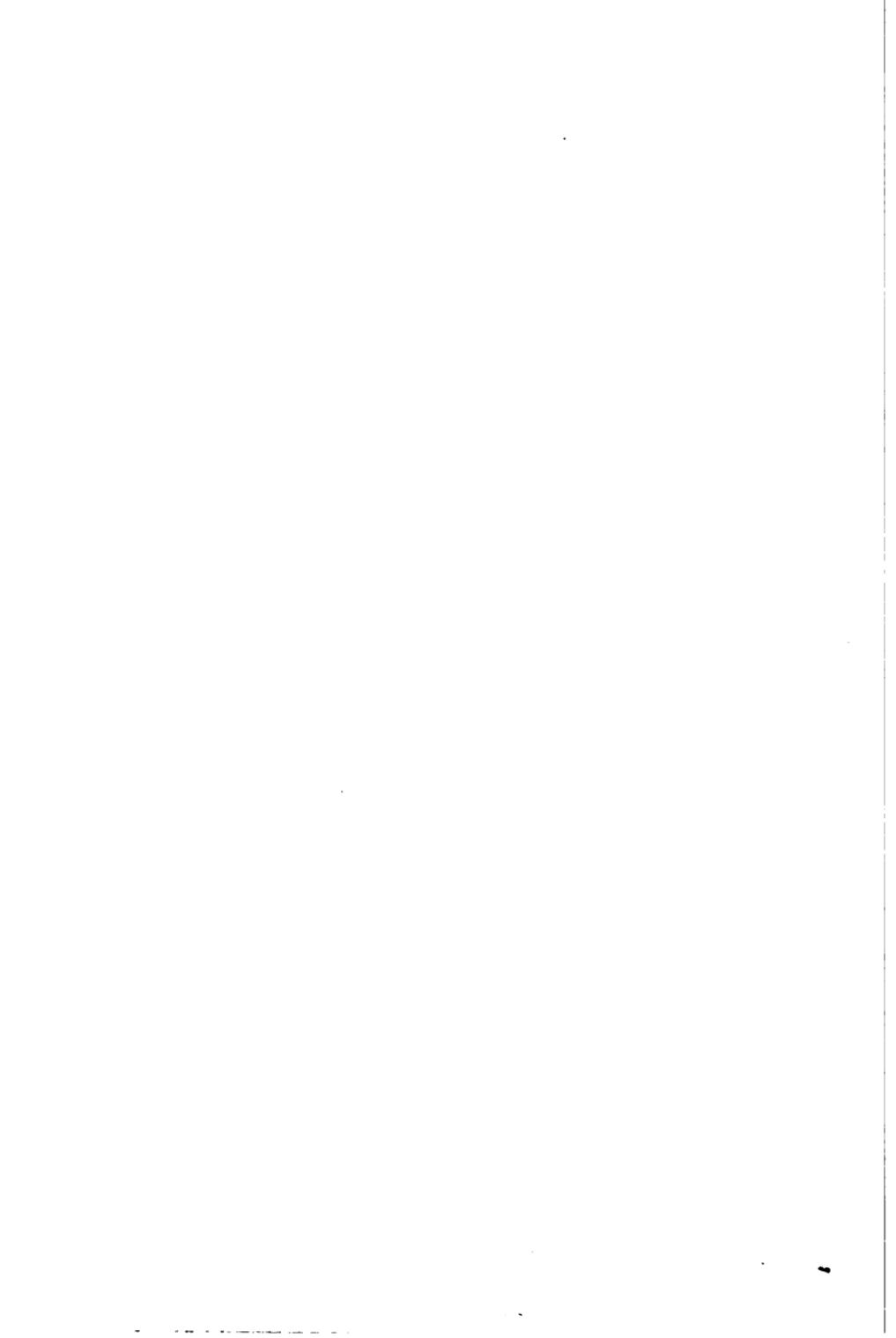
perience," said the salesman, "but as for myself I am evidently now having the rather novel experience of talking with an employer of labor who has not been embittered by the unions. I imagine you see no objection in principle to those organizations?"

"What objection can any one see to organizations of labor in so far as their work is educational and constructive?" said the manufacturer. "Hostility to unionism, as such, has been a mistake, a very costly one, too, in the effect which it has had of keeping apart people with kindred interests. In common with most employers of labor I deplore the weakness of the unions. Lack of wise leadership seems to be their chief drawback. With a modern Moses to show them the way out of the wilderness of economic fallacy where they often flounder, content for the most part to be merely a menace, it is not unlikely that they would become effective agencies for good."

“It is, of course,” he went on discriminatingly, “but just to say of the man who now has the confidence of millions of toilers in this country that he is not devoid of merit as a leader. With a certain native adroitness combined with downright devotion to his cause he has long exerted a steady influence on the activities of organized labor, and industrial evolution has been retarded less on that account than it might have been with a man of smaller calibre in his place. Nevertheless his attitude appears to be mainly that of a fighter—the militant chief of a clan with wrongs to redress. It is the incongruity of such an attitude on the part of any one rather than anything malicious about it that makes the judicious grieve; for clans, cliques and classes are altogether alien to industry the basis of which is coöperative effort.”

“But we are digressing somewhat,” he remarked, fearing evidently that he had

wandered too far away from his subject, "I started to tell you something about the employee representation plan and I may say with modesty that I ought to be qualified to do so."



## CHAPTER V

### THE UNDERLYING WEAKNESS

It was at this point that the manufacturer volunteered the information that he was the president of a corporation operating a group of plants in the middle West. He explained that the representation plan had been introduced by him in all of these establishments and that therefore the subject was one of his hobbies. I was the only occupant of the compartment beside the two individuals named and had hitherto been a silent auditor but now I remarked that, having studied industrial problems somewhat, I had been absorbingly interested in all that I had heard. Giving the salesman a nudge I added that we had evidently been entertaining an expert unawares, and, with fresh cigars lighted, the dialogue was resumed.

“Perhaps I am less of an expert than an experimenter,” said the manufacturer turning toward me. “The employee representation plan is still on trial in our plants. Although I have boundless faith in it as a means of promoting good will I am scarcely enthusiast enough to look upon it as a remedy for all the ills of industry. Its outstanding virtue, as I have already pointed out, is that it gives to normal human relationships an emphasis or setting that makes them distinct; and that clarity is all that has been needed to induce unrestrained, amicable and easy intercourse with a spirit of mutual trust and wholesome interaction.”

“What are the main features of the plan as now in operation in your establishments?” I asked with the directness of a newspaper reporter eager to get at the crux of a situation.

“I shall describe them directly,” said the manufacturer; “or rather they will

be given their place in a picture which I shall endeavor to present of the conditions brought about in our plants through the substitution of simple co-operation for unreasoning force in its multifarious forms. Such a picture, taken in its entirety, will I fancy be of greater interest than a bare catalogue of the structural features of our plan would be; and in order to supply a suitable background for the picture I should first tell you what led us to accept the principle of employee representation."

"For years," he proceeded, "the major portion of my time was employed settling or trying to settle disputes between our company and its employees. The alleged grievances that occasioned these disputes were manifold. Piece rates were too low. Hours of labor were too long. Members of labor organizations were discriminated against. Foremen were arbitrary and unjust. The company was

unscrupulous, oppressive and grasping. The fact that in many cases the grievances enumerated were imaginary or based upon incomplete or garbled data afforded us little or no consolation as the dissatisfaction with conditions grew in volume and intensity from month to month and from year to year with steadily increasing cost of production and steadily diminishing profits. There were periodical strikes which were fought by us, as we could do nothing else but fight them, and these we invariably won, but in each case the effect of our triumph, never achieved without some cost and often at an enormous one, was to create resentments which made it easy for chronic trouble-makers to precipitate another strike. Our situation was not unlike that of dwellers near an active volcano from which an eruption more or less violent may be expected at any time. A week rarely passed in which a walk-

out at one of our plants was not threatened."

"One evening," continued the manufacturer, "as I was sitting in the library of my home, after trying vainly for some time to become interested in a new book, an idea came to me which was simple enough in itself but had fruitful consequences, as you will presently see. I had been greatly depressed as a result of having witnessed that afternoon a general walkout at our largest plant which was afterwards shown to have been occasioned by the most trivial kind of a circumstance. A review of incidents associated with pleasanter epochs of my life than the one which I had passed through as an industrial manager was giving me the mental diversion which I needed and which reading had failed to provide. I recalled among other things that while in college I had gained the special approbation of my instructors for analytical work. One

of these, epitomizing in a friendly way my faults and merits as a student, had made the remark that nature had provided me with an intellect peculiarly adapted to discern the obscurer connecting lines of cause and effect. This long forgotten view of a mental bent evinced in my academic days now assumed a significance which brought my thoughts back to current events and led to the development of the idea alluded to a moment ago. I thought that if I really possessed a brain capable of doing anything in the way of linking cause and effect I ought to make some use of it in seeking a solution of the nerve-racking problems confronting me as a manufacturer."

"So with the termination of that senseless walk-out, which happily marked our final disagreement of any moment with labor," he went on, "I ceased for the time being to be an administrator and

became an analyst. I spent a month in the workrooms of our different plants mingling freely with the men and women there employed. I asked them questions about their tasks, exchanged views with them concerning shop regulations and conditions and, by the most engaging methods that I could think of, encouraged them to tell me about their grievances in their own way. Some I found suspicious and disposed to be non-committal. Others readily gave me their confidence. On the whole I obtained a considerable quantity of information of a character which had never before been available. Making a diagram of the grievances the recital of which I had taken such pains to elicit, I studied them thoroughly, earnestly and without bias as a bacteriologist studies the data he has accumulated concerning a disease of which he seeks to ascertain the origin. I traced each grievance not only to the

circumstances with which it appeared to be immediately associated but backward to its source. Then, in imagination, but with the aid of facts which were obvious I pursued a forward course with it, assimilating data, as I proceeded, relating to a variety of collateral influences and finally reached a point where it took the form of the customary murmurings and mutterings or found expression in a strike."

"The result of my research," said the manufacturer bringing his retrospective sketch to a close, "convinced me that the underlying weakness of our enterprise was lack of knowledge. The management lacked knowledge of the needs and aspirations of employees. Employees lacked knowledge of the responsibilities and motives of the management. Clearly therefore, facilities for conference were needed so that knowledge would be diffused, The situation assumed a simple aspect."

## CHAPTER VI

### COLLECTIVE BARGAINING

The next interruption of the salesman, taken in conjunction with the explanation which it prompted, brought to mind that common form of mental gymnastics known as jumping at a conclusion.

“Economists, labor leaders and politicians had much to say during the war about collective bargaining and a great deal is still heard concerning it,” he said. “Evidently it is something of that sort that you have in your establishments.”

“You have repeated one of the phrases which I had in mind when I spoke a short time ago of confusion of terms,” answered the manufacturer. “The man who first made intercourse between corporations and their employees odious by calling it collective bargaining must have been a Yankee

trader skilled in practices universally accepted as normal a generation ago but now obsolete. The Yankee trader had his day and seems to have prospered while it lasted but with the rapid change of business concepts which has taken place in recent years he has become archaic—quite as much so as the rural attorney who may still be seen on the streets in broad daylight with a high hat and long black coat when there is no other sign of a funeral!"

"No," he continued, "our plan is not based upon collective bargaining or bargaining of any sort. A bargain implies an advantage gained by some one at the expense of some one else whereas it is our belief that mutual advantage, besides being a consummation devoutly to be wished in a moral sense, must be the bed-rock of industrial efficiency. We meet with our employees at frequent intervals, not in a spirit of controversy, not with

any wish to mislead, outmanoeuvre, exploit or bargain with them but rather to obtain their help in weighing vital facts; and the steps, shown by a process of natural selection, to be expedient or requisite in order to promote the good of the enterprise are openly agreed to as representing the crystallized judgment of all concerned."

"The fairness of spirit which we have been successful in bringing about," pursued the manufacturer, "was illustrated once by a case in which certain piece rates were cut in response to a suggestion originating with a group of workers directly affected. These workers had faith that their suggestion would not lead to a permanent reduction of earnings. Seeing that the established rates were too high they wanted them reduced on that account and in the belief that other rates found to be too low would be as readily increased. The state of mind thus ex-

emplified is the reverse of that required for bargaining which is a process analogous to the playing of poker. Poker as a pastime is not barred in polite circles, but, as is well known, one who is honest by nature must make certain mental readjustments in order to play the game well."

## CHAPTER VII

### How Good Will Is Won

I recalled once seeing a man, whom I knew to be upright, pilfer an imposing jackpot with nothing but a pair of deuces reinforced by an inscrutable facial expression, and I had often wondered how a person of that character could be guilty of such a thing. Now I knew. The puzzling circumstance was fully accounted for by that mental readjustment demanded in poker on the part of one ordinarily of unimpeachable integrity. Incidentally I was amused by the droll allusion to a popular game in which I had participated on sundry occasions as a novice and could not repress a chuckle.

A smile from the salesman indicated that he, too, had some familiarity with poker, but he continued his quest for in-

formation relating to the subject with which this narrative primarily deals.

“Your conversion to industrial democracy,” he said, “which I presume employee representation may be called, must have seemed a rather sudden one. Ordinarily such a change of heart is apt to create suspicion—to cause employees to keep their eyes open for a trap or a concealed club!”

“Yes, yes,” the manufacturer assented, “I quite appreciate that point. Failure to win the good will of workers is the nightmare of employers who wish ardently for improved economic conditions without perceiving the need of any change of managerial methods. That motley mixture of concern and self-complacency had long kept us in a condition of painful stagnation and what you call a change of heart was nothing more than fully opening our eyes and seeing where we stood. It was a case of

simple revelation like that experienced by the driver of a vehicle on a dark night when he finds he is in a rut."

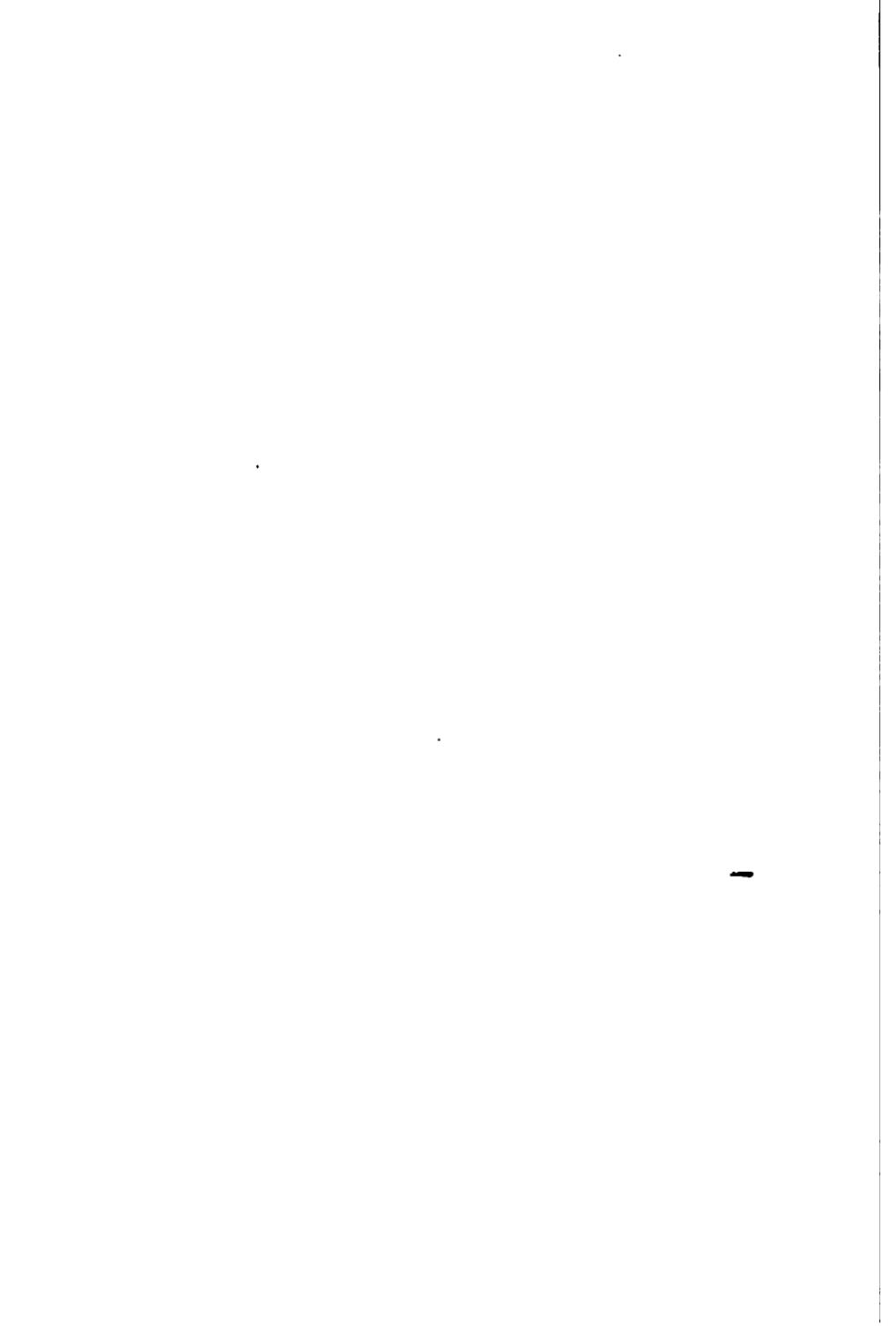
"Thus the employee representation plan," he explained, "was not adopted by us wholly because of a belief that our employees needed reformation, although their particular shortcomings were obvious enough, but in the main because we were convinced that our system of management was far from perfect and called for amendment. It was that humility, if I may so call our state of mind, combined with the change of procedure inaugurated, that so speedily gave us the results sought. Had we been merely industrial Pharisees hatching a new scheme to make our employees righteous, instead of stewards honestly seeking the prosperity of every one connected with the enterprise, it is altogether likely that we would not have been trusted and the representation plan would have been op-

posed or accepted sullenly and with a secret determination to defeat its purpose."

"Do you know," said the salesman with the naive candor of one to whom an idea already vaguely perceived has suddenly become clear, "that humility has often struck me as a very desirable trait for leaders of industry to have—one, I mean, which must be helpful to them in the performance of their managerial duties."

"It is more than desirable," the manufacturer declared with emphasis, "Without it men filling administrative jobs are apt to be costly bunglers with power to obscure the damage they do and liable, unfortunately, to exercise the power for a long time before their inefficiency is discovered. A spirit of open-mindedness and humility is associated with the most brilliant and useful engineering achievements in fields hitherto developed and it must be relied upon to

win the day in the relatively new and highly important field of management engineering.”



## CHAPTER VIII

### PLAN OF EMPLOYEE REPRESENTATION

Responding to a casual comment of mine the manufacturer here recited, in a lucid way, his experience with the piece rate, time rate and premium methods of recompensing labor. The piece rate method, he pointed out, had given splendid results for a short time after its introduction but had been rendered virtually useless in supplying special incentive to effort by the tactless and blundering way in which some plant managers, or their rate adjusters, had sought to apply it. In fixing and revising rates too much consideration had been given to the limitation of average earnings, in order that over a long period they would not be much, if any, in excess of the market value of labor, and too little to the securing of permanent economy based

upon increased mutual advantage implied by piecework. As a consequence of that shortsighted policy and nominally to prevent indiscriminate cuts and therefore in self-defense the workers had gradually resorted to restriction of output and thus piecework had finally ceased to be any more efficient in practice than day work done with ordinary diligence. Moreover much of the gain of efficiency reasonably to be expected from the use of improved machinery had failed of realization.

This talk about methods of payment for labor, though of interest in itself, would not be relevant if reported verbatim. It is referred to in summarized form because the alleged failure of the piece rate method gave practical significance to the human element in industry, an enlightened regard for which, the manufacturer explained, was the main feature of the employee representation plan.

The discussion of the employee representation plan, of which it is my main purpose to give a faithful report, continued as I shall set it down:

“You described vividly the circumstances that led you to accept the principle of employee representation,” said the salesman. “Your analysis of collective bargaining was also novel and illuminating. But I am still somewhat curious as to the particular plan of representation which is being tried in your establishments. Can you tell us about it without revealing any trade secrets?”

“I was approaching that point when my thoughts were sidetracked by the comment of our silent companion regarding methods of recompensing labor,” said the manufacturer, assigning to me, correctly enough, the responsibility for checking the progress of his narration. “There is nothing secret in our plan of representation; and it is about as simple,

too, as anything can be. A director of our company aptly designated it once as a mechanism for the promotion of frank intercourse concerning matters of mutual concern. The working force at each of our plants is divided into groups of four hundred individuals engaged upon classes of labor that are common or closely related and therefore located for the most part in one shop or section. Each group has three representatives, elected semiannually by popular suffrage, who with a like number of individuals appointed by the management form a committee known as a group committee. Immediately after the semiannual election each group committee selects one of its members representing the employees and one representing the management who, with individuals similarly chosen by the other group committees, constitute a committee known as the general joint committee. The general joint

committee after its formation selects three of its members representing the employees and three representing the management who form a body known as the executive council. That is the framework of our plan as originally developed and introduced. I shall not dwell upon the details as I fear you would find me tedious should I do so. Many of them have been revised from time to time and others are now undergoing revision. We are not wedded to any particular form, our aim being to evolve a representative system under which freedom and fullness of conference will best be promoted. Employee representation, to be successful, must be espoused as a principle rather than introduced half-heartedly or tentatively as a ready-made mechanism. The most suitable method of application for a given plant or product can only be ascertained through zealous and patient study."

"Through the mechanism which has been built up in our plants," he added, "and which we believe is yet imperfect, the company and its employees pull together with certain benefit to both."

"In what manner is the pulling together insured?" asked the salesman. "What authority do the group committees and the general joint committee have and how do they function?"

"Our established regulations are quite explicit," the manufacturer explained, "and the importance of observing them is known but we give as little emphasis as possible to mere authority, aiming rather to keep the need of coöperation foremost. My original analysis showed that the attitude of foremen was one fruitful source of misunderstanding and inefficiency. 'Drest in a little brief authority' some of them were apt at times 'to play such fantastic tricks before high Heaven as make the angels

weep.' More or less favoritism was shown in the assignment of tasks. Necessary instructions were given in a peremptory or threatening tone which tended to excite a cringing kind of fear and repress initiative. Suggestions from workers were received with incivility and arrogance and then ignored. Clearly such exercise of power was a disadvantage. So we concluded that thenceforward we would pursue a policy under which service based upon coöperative effort would be accentuated rather than authority. We do not withhold or weaken necessary authority but merely strive to give its exercise the unobtrusive color that it must have in any event if it is to be helpful rather than harmful. No occasion has arisen for investing the committees with executive power. It is through conference that they render service."

"Many questions," he explained fur-

ther, "not related to standard principles of management or the ordinary duties of foremen obviously arise from day to day in the operation of a plant which, without timely conference and the knowledge acquired through it, are apt to become the immediate or provoking cause of grievances and thus lead to much needless harm. The group committees through the assembly, classification and review of evidence, endeavor to promote understandings satisfactory to all concerned respecting questions of that kind. Questions which for any reason they are unable to settle satisfactorily are referred to the general joint committee, and if the general joint committee fails to effect a satisfactory settlement they are passed on to the executive council for adjudication. It is rarely, however, that the executive council needs to pass upon a question of such a character."

"The group committees," he went on, "also receive, classify and consider suggestions coming from their shop constituents relating in any way to the welfare of the company and its employees. These suggestions are transmitted periodically, with an expression of opinion as to the merit of each, to the general joint committee, which, after adding its own expression of opinion as to the merit of each, in turn transmits them to the executive council for consideration and action. No suggestion offered for the purpose of promoting efficiency fails to receive action of some sort. The making of suggestions by manual workers relating to manufacturing processes or methods of performing mechanical operations is systematically encouraged. If a suggestion of this nature lacks utility or parallels suggestions of a like character previously considered and found impracticable the circumstances are

stated to the individual making it, always with an expression of appreciation from some one speaking in behalf of the management. If it possesses merit, and is applied, the individual making it receives an honorarium under a system of rewards for service of special value which we established years ago but from which no marked advantage was derived until mutuality of interest became widely intelligible through the operation of the representation plan. The total payments received for useful suggestions by one ingenious mechanic for a recent period of six months were equal to his regular earnings for the period. Such a case, to be sure, is exceptional but disbursements in the form of special compensation for meritorious suggestions constitute an appreciable part of our total weekly pay roll."

## CHAPTER IX

### WAGES

A word of explanation concerning the salesman seems to be in order here. Although referred to at the outset of this narrative as philosophic and as having a thirst for knowledge it may be that in the absence of any further character delineation the reader pictured him for a time as one of those loquacious mortals, frequently met with in railroad trains and hotel lobbies, who discuss any subject as glibly and superficially as, from necessity and habit, they discuss their wares. As must be evident, however, from the nature of some of his questions thus far recorded he was something of a student. The point that he now raised concerning wages seemed peculiarly pertinent.

“The freedom of conference, for which

you apparently have effectual provision," he remarked, "must be of value in many respects but I do not see how you avoid futile and embarrassing agitation. The problem of wages, for example, is vital and omnipresent. When the employees of a shop or section suggest to its group committee, as they doubtless do from time to time, that an increase of wages would be of advantage alike to the company and to them, what course does the suggestion take and what happens to it?"

"A suggestion of that character takes the same course as other suggestions made in a reasonable spirit for the good of the enterprise," said the manufacturer. "We have no desire to prevent earnings from increasing. Our aim always is to reduce cost of production through an increase in the material welfare of our employees. We are glad to see augmented labor earnings when they go hand in hand with increased efficiency. The wage question is really

less complicated, less distracting and less time-consuming than it was in the old days but receives more intelligent and more just treatment than it was possible to give it then. Complete information as to the basis of wages and the conditions that influence them, including reliable data as to the cost of living, is made available to our employees through discussion at the meetings of the committees and, as a consequence, unwarranted requests for increases are not made, or, when made, are voluntarily withdrawn after preliminary review. On the other hand, increases are cheerfully granted when justified by conditions. Conversely, when falling prices or other general conditions of an adverse character indicate that the level of wages is too high for safety of operation, equitable revisions downward are thought of more as a measure of mutual protection than as cause for dispute and are agreed to in that spirit."



## CHAPTER X

### THE PUBLIC

The subject of wage readjustment was analyzed from a variety of viewpoints but I cannot longer dwell upon it now as the purpose of this volume is to sketch as briefly as possible the outstanding features of coöperation in industry which the manufacturer associated with employee representation.

“It has been the custom of some newspaper artists,” he said, “to caricature a corporation as an octopus preying upon all living things within its reach. An octopus may instinctively do that which best serves its purpose; but we know, from the exercise of reason, and even apart from any code of ethics or morality, that our purpose cannot be served by predatory practices of any kind. We do not claim for our enterprise the quality

of beneficence in any exceptional degree; our aim is to make it profitable alike to shareholders and employees as well as serviceable to the public."

"Much has been said of late years," observed the salesman, "as to the right of the public to increased consideration in the treatment of industrial problems. Sentiment regarding that point has certainly undergone a radical change since the time when a prominent railroad magnate could speak of it contemptuously without risking his reputation as a safe and sane business man."

"The individual you allude to," said the manufacturer, "is likely to be remembered longer for the contempt he so coolly manifested for the public than for the enormous wealth he amassed, as it caused the public, till then for the most part inarticulate and downtrodden, to 'sit up and take notice' and to ask many pertinent questions as to the latitude which

capital could lawfully and with social safety be allowed. Used by him no doubt when momentarily vexed and with little appreciation of its profound significance, nothing has tended more to make collective welfare a factor in modern business than the picturesque expression of Cornelius Vanderbilt to which you allude."

"But to keep close to my theme," continued the manufacturer, "the heterogeneous groups of human beings known inclusively as the public have no nominal representation on our shop committees. Such representation would be quite superfluous even if it were practicable as service to the public is the slogan of our enterprise. When speaking of such matters as industrial autocracy and the prerogatives of foremen I must have given you the impression that there is no need of bosses in our business. As a rule that is true enough; voluntary co-

operation is the keynote of whatever success we have achieved, and management through bosses, while it may have merit of its own, and may be essential under some conditions, is incompatible with that kind of coöperation. There are, however, exceptions to all rules and an exception to the rule I now speak of ought to be mentioned. There is one individual whom our directors, officers and managers recognize as their common boss. He is the buyer of our products—in the conventional language of commerce our customer. To understand the needs of that important personage is our first concern, to serve him, and to serve him faithfully and efficiently, our clear and unquestioned duty. It is only occasionally that he is to be seen inside of our factory gates; yet our effort to fulfill his requirements could not be more zealous and unremitting than it is were he always in our midst.”

“Yes, there has been some marked alteration of sentiment in the business world in recent years,” he added. “You are quite right about that. Vanderbilt, could he return to earth today, would find as many bewildering changes, after an absence of but one generation, as did Rip Van Winkle when he awoke from his singular sleep. We acclaim as our undisputed boss the long-suffering, patient mortal whom the railroad king of a former era had no fitter use for than to consign to perdition; and our point of view is becoming quite common.”

“What you say strikes me as a little altruistic,” suggested the salesman. “A philosopher may be able to hitch his wagon to a star but a corporation or an individual carrying on a business, with greedy and cunning rivals, some of them unscrupulous, all about him, cannot well do so. Gain must be the chief motive in business activities.”

“And gain is the motive by which we are actuated,” the manufacturer acknowledged. “The methods we employ in the pursuit of gain are merely enlightened rather than narrow, cosmopolitan rather than provincial. We see that there is no way in which money can be made so easily as through loyal and satisfactory service so we naturally try to make a science of that kind of service. Gainful practices that mean a loss to some one are rapidly going out of fashion and are also increasingly hazardous with an interpretation of law to accord with social justice. The state of the industrial exploiter, long a model for young men ambitious to rise in the business world, is almost as precarious nowadays as that of a card sharp or highwayman. If, lacking adaptability, he cannot learn how to capitalize the golden rule his plight is truly a pitiable one; he will presently be out of a job or in jail.”

"If you will examine the case closely," he continued, "you will readily see how the sense of obligation to customers that prevails in every part of our organization is quite as advantageous to us as to them. To say nothing more it makes them our friends as well as patrons and as such they lack the wish to impose upon us in any way. That feature is economically of great importance. Imposition on the part of customers, which is often a form of reprisal for indifferent and poor service in the first place, cuts considerable of a figure on the debit side of many a manufacturer's balance sheet. Claims which are made for alleged losses due to avoidable errors and delays and which it is often necessary to allow mainly from a wish to preserve good will, expenditures incurred in rectifying troubles that develop after delivery of products, and other items of cost more or less punitive in character rather than incidental to man-

ufacture may readily reach a large aggregate sum in the course of a year where customers are dissatisfied—and exacting because of their dissatisfaction."

"When you visit us," he added cordially, "and I hope that neither of you will fail to do so when you are in our neighborhood, it will give me pleasure to show you our service and repair department—an institution in which we take special pride. The routine that we have developed to insure the prompt execution of orders for parts from all sections of the country and the spirit in which it is observed will, I am sure, interest you. An inspection of our facilities for making repairs expeditiously and at minimum cost will also indicate more clearly than any words of mine can do how we give the buyer of our products, however remote from us, a status as nearly analogous to that of a partner as the circumstances permit."

"A central service department," I remarked, "is undoubtedly a convenience from the standpoint of customers but some manufacturers regard it as an unprofitable adjunct."

"We, on the contrary, have found it to be a fruitful money-earner," was the reply, "as it helps us to grapple customers to our souls with hoops of steel. Writers on economic subjects sometimes present staggering figures to show the cost of labor turnover or shifting of employees, such cost consisting of expense entailed for training, loss due to interrupted production and so on. In our internal discussions we often speak now of customer turnover meaning thereby the stability of patronage as indicated by the proportion of those who once having bought our products continue indefinitely to buy them. The value to us of our service and repair department is due mainly to the improvement of that sort

of turnover which it has brought about. The direct gain is not as large as that accruing from manufacture and we do not expect it to be. All repair and renewal parts are furnished and all repairs are made at cost plus a reasonable percentage which is uniform for all classes of service; and in every case the cost is ascertainable before an obligation is incurred and is guaranteed."

"Is your service and repair department an outcome of employee representation?" asked the salesman.

"We trace its present effectiveness," replied the manufacturer, "in a large measure to the intelligent discussion of our problems made possible through the representation plan. To borrow a term from the sporting fraternity such discussion showed quite plainly that the game of industry cannot be played fairly without a complete understanding and recognition of the stake that cus-

tomers have in it. For a long time neither industrial managers nor labor leaders had any adequate conception of that stake or showed a willingness even to include it in their calculations."



## CHAPTER XI

### A COURT OF INDUSTRY

The salesman spoke of a court of industrial relations such as one State has already established and others are viewing with favor as an institution through which, as far as he was able to see, the public could at last expect fair treatment.

“A court of industrial relations is an interesting experiment,” said the manufacturer. “It has apparently been of some immediate value in the State in which it has been established; and its educational value is certainly very great inasmuch as it shows that industry has a wider purpose to serve than that of insuring satisfactory conditions alone for those directly engaged in it as owners, managers and workers, thereby giving much needed clearness to first principles. Possibly too much judicial power is ex-

ercised or implied in any scheme of that character, however, for hearty coöperation to be fostered. Human beings engrossed in the struggle for existence and sometimes rendered obdurate by its hard conditions cannot be made to deal amicably, justly and helpfully with each other by means of edicts. It is unforced concert of effort with self-interest as the chief incentive—teamwork as spontaneous and agreeable as that of boys in a ball game—that must be sought and that industry must have if the public is to be fittingly served and fair dividends and fair wages are to be assured. A court of any kind suggests clashing of interests, grievances, disputes, deadlocks, warfare and waste, whereas the purpose of employee representation is to prevent such evils, or to eliminate them when they develop, through free and frank conference."

"A serious defect in some of the best known plans of representation," he con-

tinued, "is elaborate provision for the treatment of disputes since it creates and keeps in the forefront the inference that disputes are a normal feature of industry. An outline of one plan which I read only yesterday contains three or four sets of regulations for the treatment of as many classes of disputes, with much other matter of like substance, all as precise in phraseology and as rigorous in tone as the text of a law book and equally terrifying."

"Misunderstandings and disputes are at times unavoidable," he granted, "but the point requiring to be emphasized most in a plan of employee representation is that production is essentially an orderly, peaceful process—one in which normally there is no place for disputes. Fully nine-tenths of the time of our committees, and probably even a greater proportion than that, is devoted to problems of a constructive nature. We are

positively ashamed of disputes, as a decent man is of a family row. It seems to us that to make provision for their treatment an important part of an operating program is to admit their necessity and on that account they are not mentioned in any of our regulations. The possibility of a disagreement arising is occasionally touched upon in a conference, as, for example, when some suggested improvement in our system for the prevention of disputes is being considered; but actual disputes over wages or working conditions are quite as remote from the routine of life in our plants as are the dead languages."

"As for a court of industrial relations, you must not interpret my remarks as a sweeping criticism of that innovation," he added pleadingly. "I hope it will be useful; and in spite of its awkward form, as I have already indicated it can scarcely fail to have some measure of use-

fulness solely because of the unwonted recognition which it gives to the public as a factor in industry.”



## CHAPTER XII

### OUR FRIENDS THE FOREMEN

The salesman had misgivings as to the fate of foremen under employee representation.

“Possibly my ideas of workshop psychology and management are quite antiquated,” he said, “but there is one point that puzzles me. It relates to the foremen. What use do you make of them? How do they retain their prestige or how do they function properly in juxtaposition with the committees whose activities must be interlocked in a large measure with the normal duties of shop executives?”

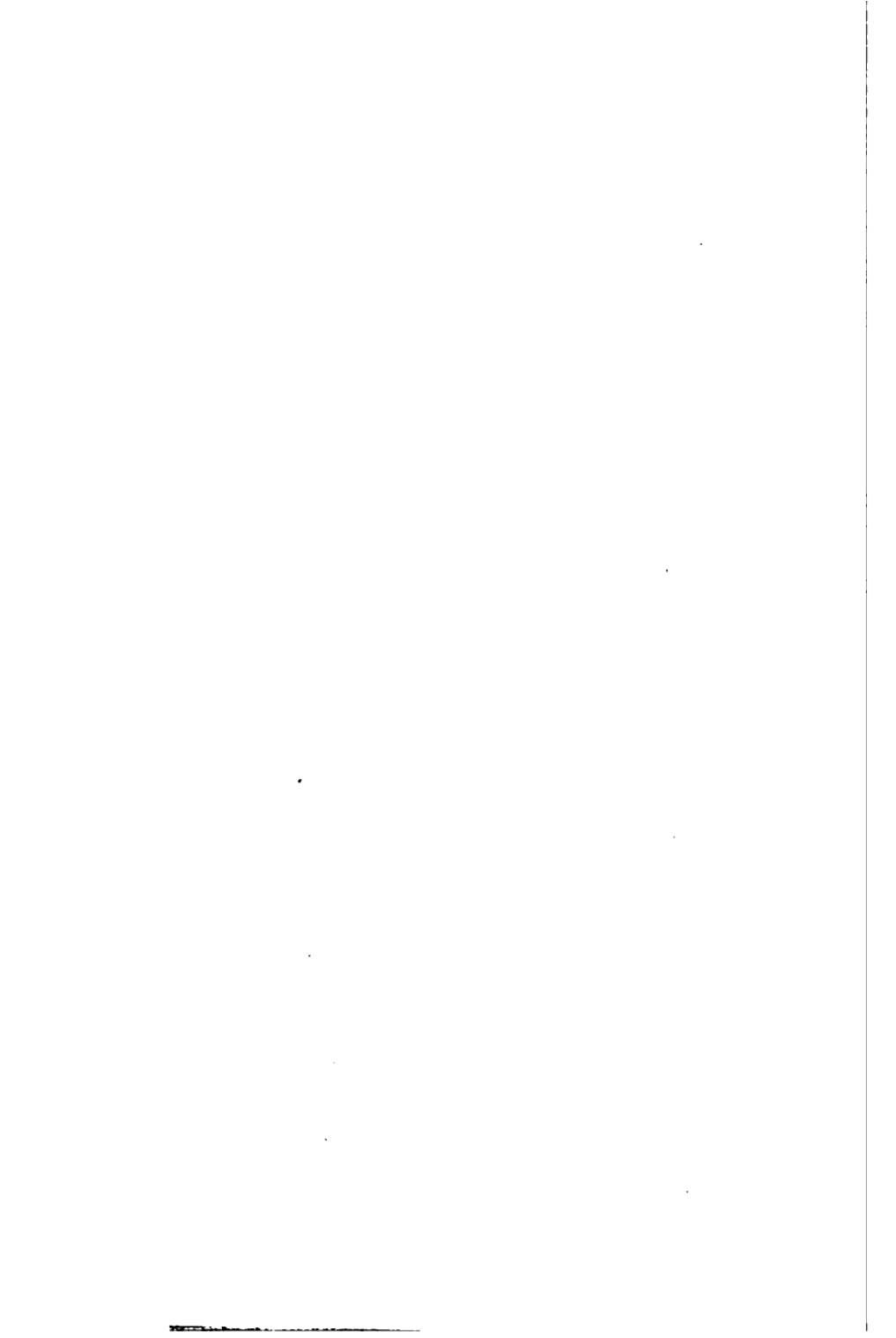
“I am afraid,” explained the manufacturer, “that you do not perceive yet that free and full conference is a help rather than a hindrance in the exercise of useful functions or rather that I have

failed as yet to make the point as transparent to you as it is to me. The efficiency of our foremen has been increased prodigiously since the introduction of the representation plan as they have much more time now than they formerly had to schedule their work, develop labor-saving devices, apply improved methods and otherwise promote economy. Moreover as they are at all times in close contact with the workers the help derived from their experience and judgment naturally enters into the groundwork of the conclusions reached by the committees."

"The systematic review of shop problems insured automatically under the representation plan has the effect of revealing incompetence in foremen," he continued, "but that can scarcely be accounted a loss as it is our endeavor to eliminate incompetence of all kinds, including failure to see the vital import of

human relations as an element of cost. Our foremen have none of the domineering habits of the old time boss who made those whose loyalty and coöperation he needed afraid to call their souls their own in his presence; but as vigilant overseers and capable guides, with power to inspire the men and women whose activities they direct to render useful service, they are worth their weight in gold."

"A typical boss of the old school," he added, "with his narrowness of vision, crudeness and all-round capacity to stifle initiative and create in a workshop the atmosphere of a penal institution would be woefully out of place in our organization. Thinkers and doers, however, thrive there as leaders, and help us not only to pay good wages to employees but to make our final balances a joy for a shareholder to contemplate."



## CHAPTER XIII

### HUMAN ENGINEERING

The manufacturer concluded his remarks concerning foremen and their status under the employee representation plan as our train came to a stop at Poughkeepsie. Noticing that a group of Vassar college students, chatting vivaciously in front of the station, attracted his attention I suspected that the grace and beauty of young womanhood had an even keener interest for him than the subject of industrial management. When we were again under way, however, it was evident that, while he had probably not been guilty of any indifference to charms that have an appeal of their own for all normal men, he had associated the girls in a thoughtful manner with his other theme. The reader will see this from the way in which the dialogue that I am reporting was reopened:

"Women, of course, have long been employed upon clerical and manual tasks in industrial establishments," the manufacturer observed. "But has it ever occurred to you that it would be a gain, in a strictly economic sense, if educated women had more to do than they now have with the management of industry? I have sometimes thought that, given the requisite training in the technique of business and the forms of administrative work, women would make the most of human relations in promoting industrial efficiency because of the special powers of intuition with which they are endowed and which often enable them swiftly to see an issue as it affects individuals."

"You have spoken several times of human relations in industry," said the salesman. "Do not such relations constitute a factor that is dealt with automatically in all of the multitudinous

activities of society? Evidently you class the subject, in its bearing upon industrial activity, as one that deserves to be treated, or may advantageously be treated, as a distinct science."

"An English writer a few centuries ago," the manufacturer answered, "speaking of humanity generically, said that the proper study of mankind is man; but infinitely more study is given in industry to machines than to men and women. That is one reason why industry has become so deranged. It has the serious disadvantage of being lopsided. There should certainly be a distinct branch of science through which human relations would be dealt with as the mechanical engineer deals with metallurgical and other relations. The highest order of scientific skill is employed, sometimes with a seeming disregard of expenditure, to make a machine work well. May not a man, too, with much greater

potential value than the most serviceable machine ever devised, be made to work well, with advantage to himself and to others, through the use of science in dealing with his emotions, wants and aptitudes? All machines are but the instrumentalities through which effect is given to the native force and productiveness of man, the mere auxiliary parts in a vast operating system of which he is the prime mover. Now, I do not for a moment class the study that machinery receives as wasted effort. I am only persuaded that if study of the same intensive, patient and unbiased character were given generally to human beings as a factor in production a cure would quickly be found for many industrial evils. There are technical associations of various kinds allied with industry, societies of electrical engineers, chemical engineers, mechanical engineers and so on, dozens or scores of them, all dealing

in serviceable ways with the phenomena of machinery and matter. But there is no society of human engineers. Industry needs one."

"Human engineering," continued the manufacturer, "is practiced quite extensively, though of course not under that name, in some of the professions not allied with industry. A skillful doctor, for example, when his diagnosis of a case indicates no distinct organic disease, dispenses with the use of drugs and seeks a cure, quite properly so, through the building up of self-confidence which is the basis of health. He recommends a change of scene, occupation or mode of living knowing that the alteration of mental process brought about by such a change hastens restoration to a normal physical state. Treatment of this character is sometimes associated with psychology but it is nothing more than a simple form of human engineering. Re-

ligious matters, like those relating to medicine, are ordinarily thought of as remote from industry but they, too, may be mentioned briefly to illustrate my point. While it would not occur to the average clergyman to class himself as an engineer yet he works with the human mind and heart quite as certainly and with as much skill as a technician works with the delicate mechanism of a watch; and his service consists in helping to keep the members of his flock spiritually fit for this world as well as the next through a normal functioning of faith and hope. And, by the way, it is hard to conceive of any service more useful than that one rendered by the clergyman when you consider that faith and hope constitute the mainspring of all activity that is worth while."

"As a churchgoer," he added deprecatingly, "I am an incorrigible delinquent but it is only decent to give the clergyman his due."

## CHAPTER XIV

### OLD TIMERS WOULD HAVE GASPED

The salesman confessed, in the tone of a culprit, that he, too, had grown indifferent to religious observances but showed the latent effect of early training by declaring that he hoped soon to reform.

“In general terms,” he said presently, shifting his thoughts back to material concerns, “what has been the effect upon cost of production and upon wages of your employee representation plan? Presumably you have abundant data bearing upon that point.”

“Our statisticians,” the manufacturer explained, “have tried to supply us with such information but their task has been rendered quite difficult by the shifting of basic values of all kinds in recent years. As I need scarcely remind you, prices of

raw materials advanced by leaps and bounds for awhile and subsequently declined some, and this fluctuation was naturally accompanied by a like movement in wage rates, although the changes in both cases did not correspond exactly in time or amount. Our comparisons properly adjusted for this fluctuation of market values, show conclusively that cost of production was materially reduced and earnings of employees were materially enhanced within a year after the introduction of the representation plan as a consequence, broadly speaking, of the frank discussions by the committees. The immediate circumstances to which we trace that outcome were manifold and their recital categorically would doubtless weary you. I shall therefore mention but a few of the major ones and that very briefly."

"The exchange of views," he continued, "which took place at the meetings of the

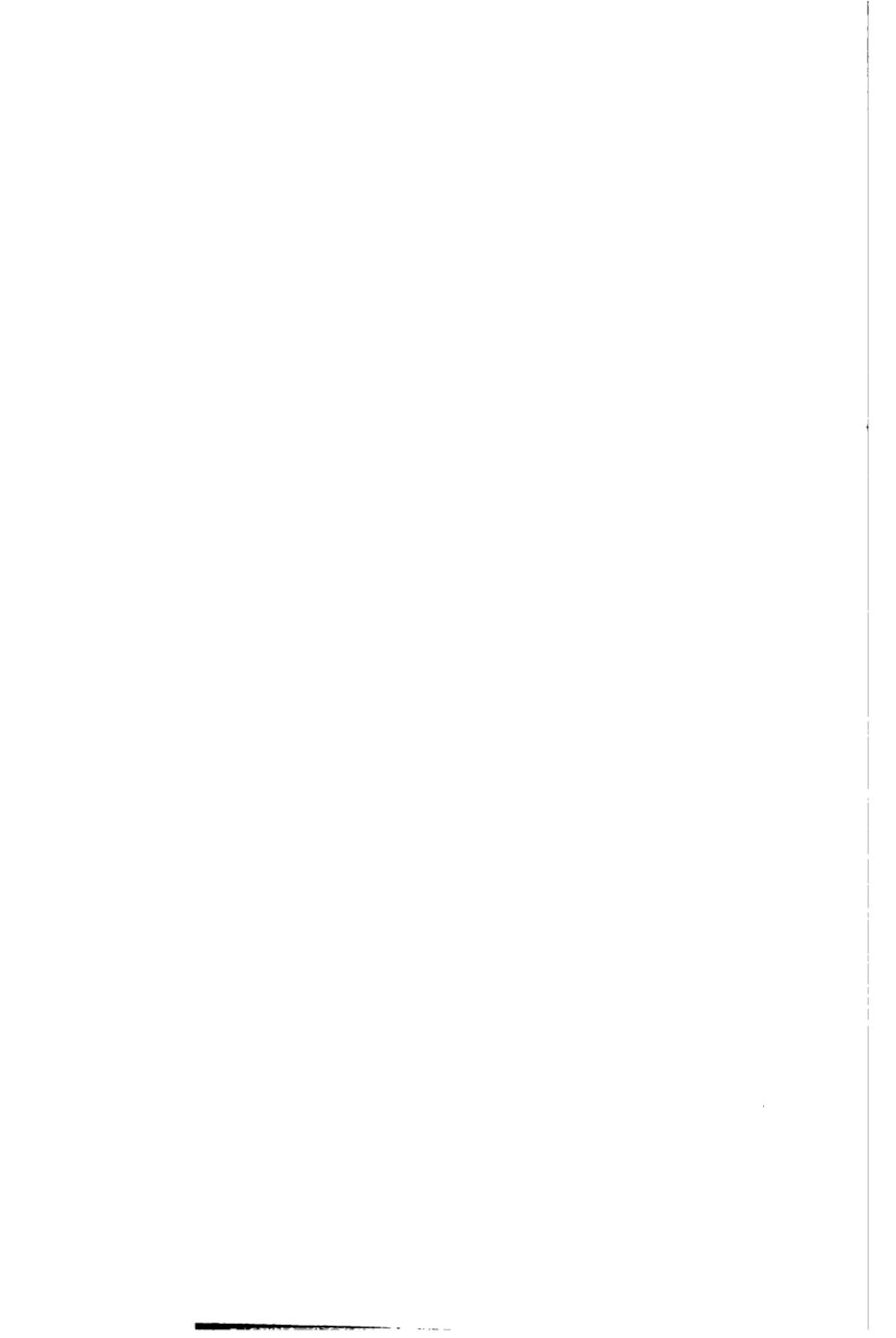
group committees, based upon authentic information there available, led gradually to the conclusion that artificially restricting production could be of no gain to any one but was rather a harm inasmuch as it held prices high and therefore hampered us in the effort to sell our products and keep the shop forces employed. By the same mental process the advantage of shop system or economical sequence of movement was readily seen. Increased simplification of routine and increased coördinating of functions were welcomed and sought. Employees acquired a habit of viewing the articles which they helped to produce as property in which, for the time being at least, they were joint owners. The belief in economy became a shop creed, its pursuit an organized crusade."

"About two years ago," he went on, "a member of one of the group committees—a representative of the em-

ployees—having noticed an excess quantity of one kind of raw material with a shortage of another, started an investigation as a result of which an improvement was made in our method of regulating and controlling stocks of materials of all kinds. That improvement led to a reduction of the quantity of capital required to do a given volume of work, prevented loss due to interrupted production and lessened the likelihood of waste through obsolescence. Shortly afterwards another wide-awake employee spoke earnestly and convincingly of the opportunity that he thought existed to make largely increased savings through salvaging and reclamation of materials on an extended scale. That class of work had always seemed to us of secondary importance only, meriting attention periodically as spoiled materials and scrap accumulated in large quantities; but a distinct department

was presently created to carry it on in a systematic and thorough fashion. To the activities of this department, which is in charge of an experienced and resourceful engineer, we now trace an appreciable percentage of our total annual profits."

"Many other cases could be cited," he added, "to show how conference and teamwork lead automatically to economies the magnitude of which would have made the mere taskmasters of twenty or thirty years ago, with their barren accomplishments in many cases, gasp to think of. I am sure of that as I was one of those misguided fellows."



## CHAPTER XV

### A PROPRIETARY INTEREST

“I have often heard of the efficacy of frank intercourse in promoting harmony,” said the salesman, “and have seen some instances of it, but the zeal you describe is quite extraordinary for industrial workers.”

“I ought to explain,” the manufacturer remarked, “that in our case the zeal was no doubt quickened by a privilege granted to employees shortly after the inauguration of the representation plan to become shareholders in our enterprise upon favorable terms; but it is significant that the granting of that privilege, which we now regard as the most effective move we have ever made to reduce cost of production, was the outcome of a suggestion that came from one of the committees.”

“In what way is cost of production linked with ownership of stock by employees?” the salesman inquired.

“Shares of stock are expected to yield dividends,” replied the manufacturer, “and the amount of dividends is directly dependent upon the cost of the articles manufactured and sold. An employee owning a given amount of stock, whether it be twenty shares or one share, readily sees the practical import of that fact and, therefore, cost assumes for him an interest which is vital and personal.”

“Is it to be inferred that the interest extends to his work?” asked the salesman. “That is to say, is it such as to cause him, so far as his influence as a worker goes, to make the cost as low as possible?”

“Generally speaking your question may be answered in the affirmative,” said the manufacturer. “One who owns something, provided he is not a reckless spendthrift or otherwise not deficient in

common sense, is apt not only to watch his property closely but to do his utmost to safeguard and enhance its value. At worst he may be relied upon to do nothing deliberately to impair its value; and the value of stock in a corporation is obviously impaired when labor is done inefficiently or economy in the use of materials is ignored."

"Nor does that state the case adequately," he went on. "With most of our employees not only wageworkers but stockholders the advantages of group or community ownership are superimposed upon those of individual ownership. One of these advantages is the introduction automatically of personal honor as an aid to efficient production. No worker in any of our plants can be negligent or wasteful, if he would, and feel that he is dealing squarely with those about him, for any negligence or wastefulness of his

must be their loss since as indicated they are not wageworkers solely but in addition have a proprietary interest in the enterprise. A born loafer with little inclination, if left to himself, to render service in proportion to value received will give the best that is in him rather than be known among his comrades as a cheat.”

“Quite ingenious—quite ingenious!” exclaimed the salesman in the tone of a connoisseur passing judgment on a work of art; and the tone seemed justified when he added: “It may interest you to know that I served as a factory inspector before taking up the work I am now doing and so have first-hand information as to the way in which cost of production can be inflated beyond all reason through chronic soldiering, poor workmanship and needless spoiling of materials. My efforts as an inspector were exerted to locate and repair leaks,

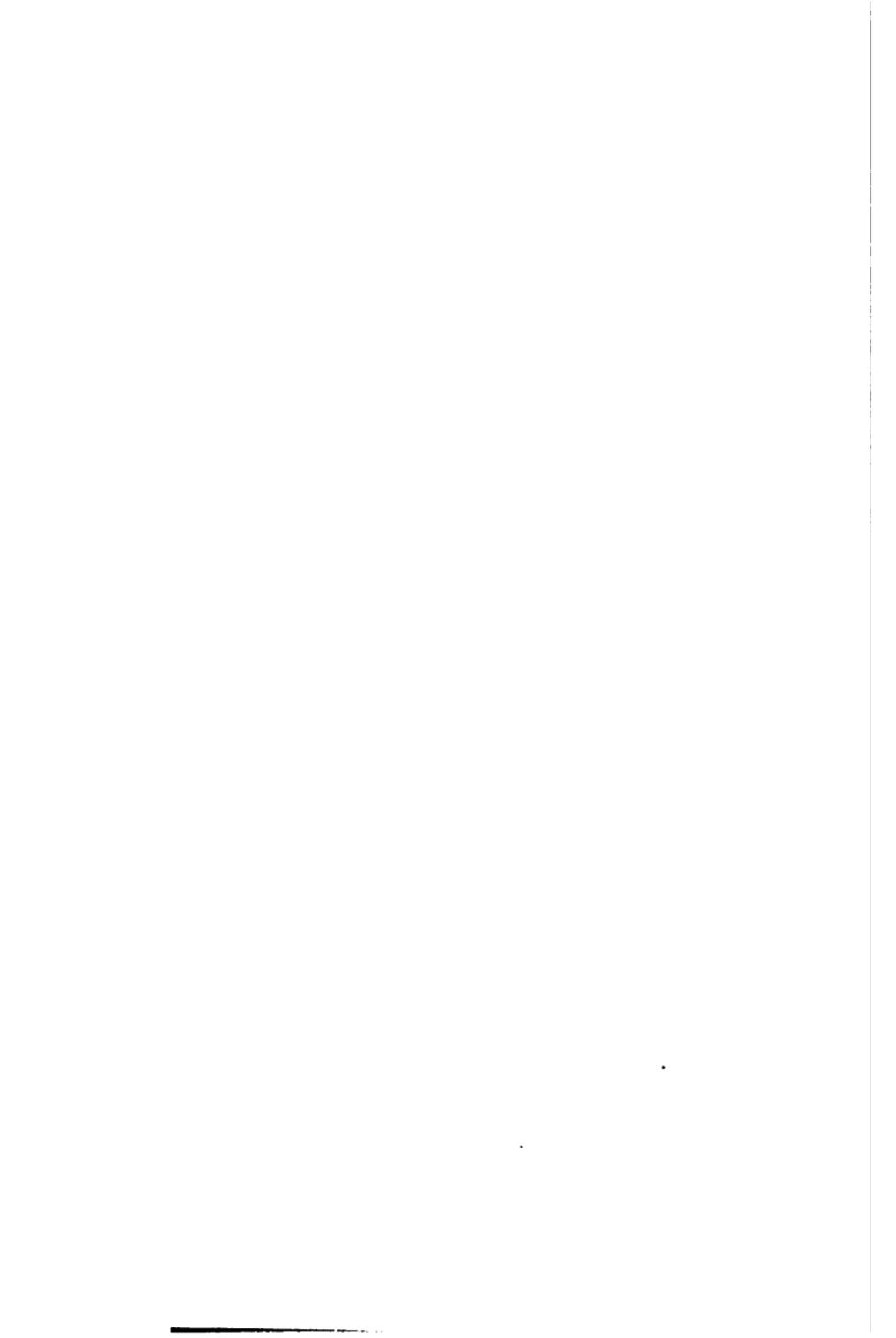
as it were, but evidently you have a self-acting system of inspection through which leaks are prevented."

The manufacturer was silent for several moments, his face wearing a gratified expression. "I am indebted to you," he said presently, "for a singularly happy phrase which I intend to make use of in the educational work that we are carrying on at all times among our employees. It would scarcely have occurred to me to claim credit for evolving a self-acting system of inspection but in effect that is what we have. You have given an appropriate name to an accomplishment which has afforded us a lot of solid satisfaction. In the old days we were obliged to retain, at an appreciable expense in the aggregate, a large force of experienced and capable men whose duties consisted of inspecting the work of others to insure maintenance of quality, but nine out of ten of them were

gradually assigned to work of a productive nature and the tenth man is now restless because he thinks there is hardly enough for him to do to justify his keep. In a truly family spirit our employees want all labor honestly and efficiently performed at the outset. Slovenly or inferior workmanship of any kind disgraces in the eyes of his fellows the individual guilty of it. An inspection department, as a distinct part of a factory organization, is fast becoming an anachronism with us although the qualifications as a critic possessed by a trained inspector give him new fields of usefulness much broader than his former one."

"Our talk switched rather abruptly to ownership of stock by employees," observed the manufacturer, again conscious of a digression, "but such ownership of course has no necessary connection with employee representation. Many corporations, large and small, have intro-

duced plans under which employees are enabled to acquire stock from time to time upon easy terms. All that I meant to say was that the application of an idea now widely recognized as a good one was hastened in our case through conference under our employee representation plan."



## CHAPTER XVI

### PLOWSHARES AND PRUNINGHOOKS

“I have no doubt you consider me a persistent questioner,” said the salesman, “but the information that you have given concerning your enterprise creates a desire for more. You spoke of labor unionism in the abstract but you have said nothing as to the attitude of the organized workers toward your representation plan.”

“Their attitude has been increasingly favorable,” replied the manufacturer. “The more experienced and progressive among them see with satisfaction a fruition of their efforts in the results effectually and harmoniously brought about through timely conference in the midst of working conditions. No conscious distinction is made between employees who are affiliated with the unions

and those who are not. Both serve on the shop committees. The unions in the cities in which our plants are located are now largely active, and usefully so, as social and fraternal organizations and, because of the elimination of futile and costly strife, with an increased proportion of their funds available for direct benefits; but they do not lack any collective power which they ever had to safeguard the rights of labor; and our relations with them are cordial, for not only have we no desire to encroach upon those rights but we would consider it folly to do so. I have made addresses on civic and economic topics in their halls at different times to large gatherings. Nothing would occasion keener regret on my part than for other manufacturers throughout the country, many of whom are valued friends of mine, to think me unsafe in my opinions or sympathies; but to speak with downright frankness

the feeling that I have toward organized labor is one of appreciation of its valuable pioneer work, sometimes done unfortunately in a crude and aggravating way, for the good of industry.”

“Your view of labor organization is certainly a considerate if not a magnanimous one,” the salesman remarked. “In some workshops, I fancy, employees who advocate unionism are persona non grata to the management. No objection is interposed when they seek a market for their services elsewhere and their forcible migration even, when brought about without the appearance of ill will, is boasted of as a high order of strategy.”

“Strategy of that kind,” said the manufacturer, “clashes somewhat with the new spirit in industry but until a recent period it was common enough and could be spoken of boastingly in social clubs and at board of trade confabs without occasioning dissent on the part of any

one and with unmixed satisfaction to many. For a long time, unfortunately, many leaders of industry had little understanding of the aspirations of those who worked with their muscles for an improvement of material well-being and no place for individuals who voiced the aspirations. Such a spirit of intolerance was quite as marked here and there as that of the emperors of the ancient world who sought to stop the spread of Christianity—to them a very annoying religious craze with elements of possible harm to society—by driving its adherents to the catacombs or flinging them to the wild beasts of the arena to make a Roman holiday. That analogy may seem to you slightly far-fetched but to one who has had experience with genuine coöperation in industry and knows the kind of an atmosphere it needs, nothing seems quite so out-of-date and so fatuous, economically, as a policy of repression."

"At the time that we decided to give employee representation a trial," he went on, "our plants were infested with radical union propagandists. We had never deemed it necessary or wise to discriminate against such workers so long as their duties were performed acceptably but we had always looked upon them as a pest, never ceasing to pray fervently that some day we would not be obliged to endure what we spoke of in private as their insolence. But now there was an entire facing about on our part, a complete shifting of our angle of vision, a sort of second birth. Instead of viewing with animosity such of our employees as had seemed to be mischief-makers and breeders of discontent we tried to think of them as partners with whom it could not be otherwise than ruinous to remain at odds; and presently, in consequence of the light thrown upon the situation through free and frank conference, we

saw that many of them were precisely the character of employees that we could least afford to lose."

"Just what do you mean by that?" asked the salesman visibly bewildered."

The declaration struck me also as rather cryptic and I was curious to hear it explained or amplified.

"I mean," said the manufacturer, "that one who is active in any movement and qualifies as a leader, though his premises may be quite wrong and his conduct equally so, is at least abundantly endowed with energy and that it is bad management, rather than good, to allow energy to be wasted. Any steam or hydraulic engineer would readily acknowledge that energy ought to be conserved and that when it is seen to be used destructively, skill consists in turning it to useful purposes. In running our enterprise we act on the principle of making the best use possible of human

energy. Were it to assume a pernicious form in any part of our organization the worst thing that we could do, according to our notion of management now, would be to seek in any way to get rid of it. Such action would seem to us to be nothing short of the reckless throwing away of an asset of great potential value. It is noteworthy that the men who once kept our plants in a turmoil with their ceaseless agitation are at present among our most efficient employees."

"The inference logically to be drawn from what you say," observed the salesman, "is that the firing of employees known to be labor agitators, which is still approved of in some circles, tacitly at least, is bad management pure and simple."

"I would not state the case quite so sweepingly as that," the manufacturer answered judicially. "Among thousands or tens of thousands of workers in a given

establishment there are doubtless always a few morbid persons congenitally incapable of taking a sane view of any problem. We would scarcely be permitted by law to place these in a factory sanitarium, for example, where they could have the benefit of suitable treatment by alienists, and by that means possibly be made useful workers and citizens, so from time to time we dispense with their services rather than permit them seriously to impair workshop efficiency to the detriment of their fellows. Such procedure we do not consider bad management but class it rather as a disagreeable duty which is always performed with sorrow. Broadly speaking, however, we would as soon think of scrapping a perfectly good lathe in need of repairs as of firing a competent workman with mental vigor enough to have ideas of his own on any subject and perhaps only needing to see them in their relation to other ideas in order to become highly efficient."

“As you will recall,” he went on, “I explained that the members of the group committees who represent employees are chosen by popular suffrage. The voting is secret and the company has nothing whatever to do with the elections beyond providing machinery for holding them. If, however, it were possible for us to pull wires we would probably be tempted to do so for the purpose of having a workman such as the one just described made a member of the group committee in his section so that he might have ample opportunity to give expression to his opinions. We want to know what our employees want and we also want them to know what they themselves want and what we want.”

“Requiring all cards to be placed upon the table in the discussion of an issue between employers and employees,” he continued, “is a distinct forward step but we have advanced a degree beyond that.

We have eliminated suspicion of ulterior motives. With the complete application throughout our offices and shops of the simple concept of mutual advantage it is unthinkable that any one should have in his possession any cards which he would not desire of his own volition to expose where they might be of benefit in promoting the good of the enterprise."

The salesman remarked, a bit loosely it appeared, that so disinterested a spirit would be likely to make any enterprise successful.

"It is scarcely a disinterested spirit," replied the manufacturer, "but rather a spirit of enlightened self-interest which we believe to be infinitely more effective in promoting efficiency in industry than the spirit of subserviency often fostered by philanthropy or corporation paternalism. Our thirty thousand employees are neither angels nor idealists but only plain people who have learned how best

to butter their bread. No doubt in a way they have all become scientists so far as the furthering of their material welfare goes but in no other respect are they superior to the average run of industrial workers. It is safe to say that every one of them is a veritable self-seeker."

"We do not class self-seeking," he added, "either collective or individual, as an evil propensity to be curbed but on the contrary as a rational instinct the proper nurturing of which, in industry, leads more unerringly than anything else to an understanding of the folly of strife and the wisdom of constructive activity."

"I take it," said the salesman, "that that is the temper developed in human beings when they want to beat swords into plowshares and spears into pruning-hooks."

"Precisely so," assented the manufacturer. "The scriptural writers in pointing out what was best for human

beings seem to have been about as hard-headed as the most practical of modern business men."

## CHAPTER XVII

### RECOGNITION OF UNIONISM

It was when the discussion had reached this stage that I conceived the idea of making a record of it. So with reportorial instinct I adverted to one feature of the plan of representation, as outlined, about which I foresaw a reader familiar with industrial history would wish a little more explicit information than the manufacturer had given.

“You pointed out that employee representation should be espoused as a principle rather than introduced half-heartedly or tentatively as a mechanism,” I said. “As a business man of extensive experience, however, you must perceive that it is over mechanisms and forms that most of the deadlocks of life develop. Recognition of labor unionism, for example, has long been a big bone of con-

tention in industry. I wondered, as you described your plan of employee representation and its successful operation, how you had managed to dispose of that particular bone which must have become ominously evident when your announcement of the plan was made."

"We gave no recognition whatever to the bone of contention," was the laconic reply of the manufacturer. "Happily we had made progress enough in the acquisition of what is commonly known as horse sense," he quickly added, "to accord labor unionism itself the recognition to which it was entitled. We saw that organization of labor, whether agreeable or otherwise to us or to others, was a simple fact and that it was quite as futile for us to close our eyes to such a fact as for the ecclesiastics of the time of Galileo to insist that the earth was a fixed body. And seeing that much we concluded of our own free will and

accord, as a lawyer would put it, that recognition of unionism was not an issue at all and that we had been guilty of recklessly wasting time in so far as we had sought to make it one. The bone of contention that you speak of, therefore, instead of becoming ominously evident, assumed the aspect of a mere hobgoblin which could safely and with advantage to all concerned be disregarded."

"But now," he continued, for the moment ignoring the salesman and giving his attention to me, "as you have been a patient listener I want to make the precise point you have touched upon quite plain. Our company, as I have already explained, provides the machinery for holding elections but beyond that it has absolutely nothing to do with the selection of individuals to represent employees on the committees. Any man or woman who has been an employee for a period of four months is eligible for

election as a committee member to represent his or her coworkers. There is no discrimination of any kind on account of creed or nationality or of political party or labor union affiliation. Consultation of committee members representing employees with labor union officials, as such, or with other citizens not employees, is in no sense objectionable to us. On our own part no occasion has arisen for consultation of that character because, under the system of management which we have developed, our mental attitude toward employees is analogous to that toward stockholders. Our view is that we are exercising a stewardship function for both groups. Broadly speaking, however, conference of every kind seems to us advantageous, since the more light that is thrown upon industrial problems the sooner are they likely to be solved for the good of all concerned. Nothing is more cordially welcomed by us than as-

sistance; and we welcome it from any source."

"Some of the points that ordinarily occasion animosity between employers and employees seem to us in their final analysis to be largely academic," he went on. "It is our desire to have the utmost freedom exercised by employees in the choice of representatives so that representation may be genuine; and as that desire has been known from the outset there seems to have been unanimity of judgment in favor of selecting workers to serve on a given group committee from the shop or section which is to be represented by that committee. Such unanimity of opinion is analogous to that prevailing in a typical American home. The individuals who make up such a home, though they may have the utmost good will toward their neighbors and may join heartily with them in all moves for the promotion of community welfare,

localize the routine relating to purely family matters merely because that is the most practicable and the simplest procedure and because any other procedure would be cumbersome and at variance with natural forms of family intercourse."

"But it is the soul of employee representation of which I am now speaking," the manufacturer explained. "I am not presenting an argument in favor of any particular form of application. I am only trying to show that such representation is in no sense hostile to the principle of labor organization but on the contrary is in harmony with all concert of effort to make industry efficiently serviceable to human beings."

## CHAPTER XVIII

### NECESSARY RETRENCHMENT

The discussion here, my notebook shows, drifted to the prevailing industrial depression with its marked shrinkage of orders for commodities of all kinds, its drastic retrenchment and widespread distress. The gist of what was said on this subject will have some timely interest.

“The concern that I work for,” said the salesman, “has been generous enough or rich enough thus far to pay my salary regularly but the demand for our products has fallen off to such an extent that I have scarcely earned my salt for several months. Many of my associates have been laid off; the salaries of those who remain, including my own, have been cut; three-fourths of our shop employees are idle. The task of management under

such conditions is an unenviable one. I have several times been on the point of asking how you have contrived to bring about necessary retrenchment and economies and at the same time keep your employee representation plan intact. Retrenchment is a disagreeable process at best and it must be particularly disagreeable and difficult for committee members representing employees to deal with."

"It may seem singular," responded the manufacturer, "that the industrial depression has not hitherto been mentioned in our talk. The apparent disregard of a circumstance so overshadowing is however readily accounted for when you bear in mind that I have been guilty of doing most of the talking and that the effect of the depression, which I realize must seem to the major portion of the business world as analogous to that of war, famine or pestilence, has not been felt appreciably by us. The demand for our

product, happily, is rarely affected materially by changes of economic conditions. To be sure the volume of our sales has declined some during the past year but not enough, with certain measures to which we are able to resort, to make a reduction of working force necessary. It became clear at one of the first conferences between our management and employees that periodical idleness due to curtailment of production was one of the main sources of dissatisfaction among manual workers and as a consequence we were led at that time to give special thought to the problem of unemployment in so far as it touched our business."

"One thing that we promptly decided to do," he continued, "in the face of much spirited and plausible opposition on the part of some of our more conservative directors was to double our storage capacity with the object of making con-

tinuity of manufacture feasible despite any decline in the volume of orders not unduly prolonged. It has since been a fixed policy with us to maintain established rates of production so long as any of this storage capacity is available. With our storehouses full production schedules are, of course, revised to correspond with current demand; but drastic retrenchment does not become essential even at that stage. Some of the surplus labor available is kept employed in the making of repairs to plants and equipment, a class of work which can be done most conveniently and economically in dull times. Moreover, many skilled mechanics are needed in connection with the carrying on of useful investigation and experiments of various kinds that have to be deferred during active periods."

"To be sure," the manufacturer went on, "there is always some automatic

weeding out of employees who are morally undesirable or inefficient, but the number of these is so small, even in periods such as the one through which we are now passing, that the problem of unemployment never becomes acute with us. Again, most of our employees have savings in the form of stock and if we were to encounter conditions worse than any with which we have yet had experience, we would probably devise some satisfactory method of making temporary loans to them upon favorable terms, holding their stock as collateral. We, however, see no likelihood of such action as that becoming necessary."

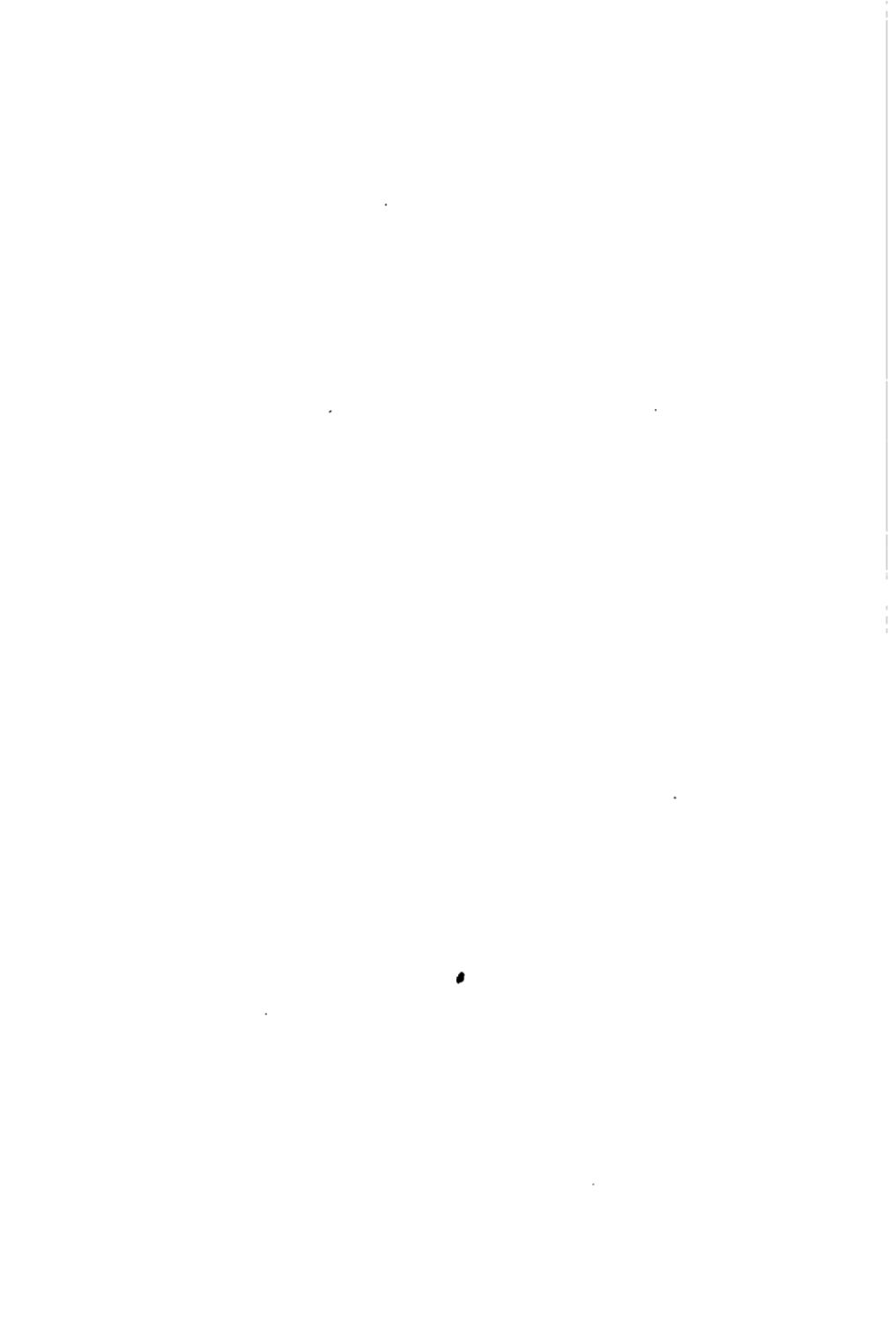
"With us retrenchment never ceases," he added, "but it has no necessary connection with idle labor. There are two capable men on my staff who do nothing else but simplify routine, consolidate functions and eliminate lost motion, duplication of routine and needless ex-

pense of every nature, but the effect of all that is to create employment through an ever-increasing volume of business which is the natural fruit of unremitting effort to reduce cost. We consider that economy is in itself a virtue, that it can never be otherwise than beneficent and that it is the lack of it which in part occasions a dislocation of industry and unemployment."

"You spoke with the assurance of a Monte Cristo of producing goods to be placed in storage and of loaning money to employees upon favorable terms," said the salesman. "The trouble with most corporations when an economic crisis comes is that not only have they no funds available for such purposes, but they find it hard enough to obtain cash with which to meet their ordinary obligations and avoid disaster."

"Quite so—quite so," the manufacturer agreed. "The subject is one of great

magnitude and with a variety of aspects when it is thought of with reference to the industries of the country as a whole. I was speaking merely of our own enterprise. We are not blessed with the material resources of a Monte Cristo, but simply make provision for rainy days while the sun shines. The increased efficiency with the increased margin of profit which followed the introduction in our plants of the employee representation plan enabled us quickly to establish a sinking fund which is kept in the form of interest-bearing, liquid assets and is available for such uses as that of mitigating the evils of a business depression. Moreover we are convinced that the mitigation or avoidance of such evils must add in the long run to the revenue of the corporation and therefore that it pays. In a word we see in it economic wisdom as well as fairness to employees."



## CHAPTER XIX

### HARD TIMES

Again the salesman was perceptibly puzzled and spent some moments inspecting our entertaining companion as one inspects a curiosity.

“You have outlined an interesting theory,” he said at length, “but one with which I doubt if many folks are familiar. On the contrary, I have often heard the idea expressed that hard times with universal scarcity of work should be welcomed as a means of making labor reasonable.”

“Which means, in the language of the average workshop, forcing labor to its knees!” said the manufacturer with some emotion. “Well, my friend, it is impossible for me to take so low a view of human nature as to believe that very many heads of industrial enterprises

cherish that idea, although unfortunately there may be some who do. But whatever may be said of the idea in a moral sense, and for my part I can conceive of nothing more despicable, it is certainly based upon a false economic concept. What the world most needs is efficient production; and labor cannot be efficient and be periodically starved either with premeditation on the part of individuals having the required power or through underlying disturbances of the industrial system for which no one can be held accountable."

"There must be considerable risk just now, quite apart from any question of ultimate salability, in producing articles for future requirements," argued the salesman thinking apparently of the common evil of excessive inventories. "Despite the industrial depression manufacturing costs are still much higher than they were before the war. Many

people believe that under such conditions a hand-to-mouth policy is the safest one."

"In general that is quite true," the manufacturer assented. "Articles produced by us in quantities exceeding current orders, however, are always carefully selected and in the past they have not depreciated on our hands. The accumulation of such articles, which are a safe enough asset, in view of our experience, goes hand in hand with the strictest supervision of stocks of raw materials and work in process. As a consequence our inventories in the aggregate are never excessive and what is quite as important, if not more so, they are kept well balanced. While less liquid for the time being than accounts receivable their face value is kept unimpaired."

"The present conditions are doubtless exceptional," he continued, "because of the universal inflation incident to the war but I feel confident that when we have to

deal with them we shall be able to do so satisfactorily. Many kinds of raw materials may now be purchased at very low prices; and as for labor our employees, of their own accord, have already indicated a readiness to accept reduced piece rates in anticipation of further reductions in the cost of living, thereby eliminating or greatly lessening the risk ordinarily entailed in manufacturing for stock. Deflation has been fully discussed by our committees and is considered an inevitable process, disturbing and even painful in some respects, but in no sense one that need be the occasion of a quarrel."

"There may be ways in which hard times can be prevented altogether," the salesman suggested. "I dare say you have thought of one."

"No, I am not the possessor of any panacea," the manufacturer answered with a sigh. "I am only conscious that

progress of every kind comes through education, through the acquiring of knowledge and a shifting of viewpoints. The operation of the employee representation plan in our establishments has taught me that the principle of seeking at all times the greatest good of the greatest number is quite as sound economically as it is morally uplifting. A general acceptance of that principle might not prevent derangements in the machinery of industry but it would lessen their effect as measured both in loss of profits and in human suffering."

"But disregarding for the moment your own enterprise," the salesman persisted, "and looking at the conditions throughout the country as they are, what remedy do you see for them?"

"The remedy is being applied," said the manufacturer. "Retrenchment and economy must go on until the extravagance and waste of the war period are

paid for in full. There will be a revival then, but not before; and any attempt to bring about a revival before can only operate as a hindrance to the proper mending of matters. It is true, as I remarked a moment ago, that production is needed. It is always needed. But the machinery of production became extraordinarily top-heavy due to artificial burdens thrown upon it as distinct from the vital work which it was doing, and the balancing process which is the immediate cause of the present widespread unemployment and distress was therefore inevitable. While differing from them in detail the circumstances are similar in the main to those of the seventies, which some people remember and many have read about, and those of the nineties with which you and I as well as others now in the prime of life are quite familiar."

"The alleviating of want as a humane activity is always in order," he added,

“but it must be dealt with apart from sound industrial reconstruction through which many of the causes of want will be removed.”



## CHAPTER XX

### .. NEED OF STRIKES OUTGROWN

The balance of the dialogue, which was not terminated until the Capitol building at Albany was visible and the porter came for my personal belongings, consisted largely of an elaboration of the points already outlined, so instead of presenting it *verbatim*, which would entail more or less repetition, I shall conclude my report with a digest of sundry statements made by the manufacturer which appeared to be supplementary to or to differ somewhat in substance from those already recorded.

“When our plan of representation was first outlined by me in skeleton form,” he said, “my associates, most of whom are men of wealth and therefore cautious and timid, as such men usually are, accused me of being a daydreamer. The accu-

sation was, of course, made largely in jest as they knew me to be intensely practical; but it was evident that they had misgivings as to the feasibility of any kind of participation by employees in management. One influential director, a Chicago lawyer, insisted for a long time that we should expressly prohibit discussion by the committees of any question involving the consideration, either directly or indirectly, of established principles of management. The fear that disturbed my legal friend was of that kind that keeps the secret of efficient production from many an industrial administrator—the kind that is based upon the singular assumption that it is hazardous to allow all sides of a case to be seen clearly by whomsoever it concerns. This fear, as it is entertained by leaders of industry, is, for the most part, associated with integrity of thought. There are doubtless some cases in which it is traceable to

Machiavellian motives but they are rare. I contended in the debates at our board meetings that no sound principles of management could be or would be imperiled by having light thrown upon it; that it was freedom of conference, with the advantage pertaining to it, not a shifting of prerogative, that the plan contemplated; and therefore that any distinctions as to the validity of material for conference, to say nothing of formal restrictions or reservations, would not only be irrelevant but would create at the outset a suspicion of insincerity. In the end I was allowed to have my way and the plan was put into effect with the understanding that any question affecting the interests of the company or its employees would be appropriate for discussion. My business judgment has at times been fallible enough but experience soon showed that it was correct in that case. From the beginning it was noticeable that when

principles of management were discussed, casually or otherwise, the comments made by the committeemen representing employees were conservative and judicial, without being restrained, indicating how a sense of responsibility induces safety of thought. This safety of thought proved to be infectious; it spread rapidly throughout our plants and formed the superstructure for the confidence that we have in our employees. The various committees are now looked upon by us as an inseparable part of our corporate family, an entirely homogeneous and cohesive element of our organization fabric. Their work has been so useful that the possibility of encroachment upon managerial prerogative is not thought of by any one."

"In speaking of the advantages of free and frank intercourse," he explained, "I have had in mind very largely matters relating directly to production. Accurate

information made available through the committees as to the normal needs of employees has also helped us to pursue a practical course respecting those measures which it is the custom loosely to classify as welfare measures but which we regard as an integral part of a good administrative or operating program. Welfare work as a distinct activity often entails a large outlay in the aggregate with little or no gain because of the benevolent aspect which it is apt to assume and which makes it offensive. We have recreation halls, rest rooms, gymnasiums, athletic fields, restaurants, insurance, an old age pension system and so on; but welfare features of that nature are grouped with regulations for the fixing of just rates of compensation, the effective use of equipment and the orderly carrying on of other routine work as essential for the general welfare of the enterprise. In a word they are associated with

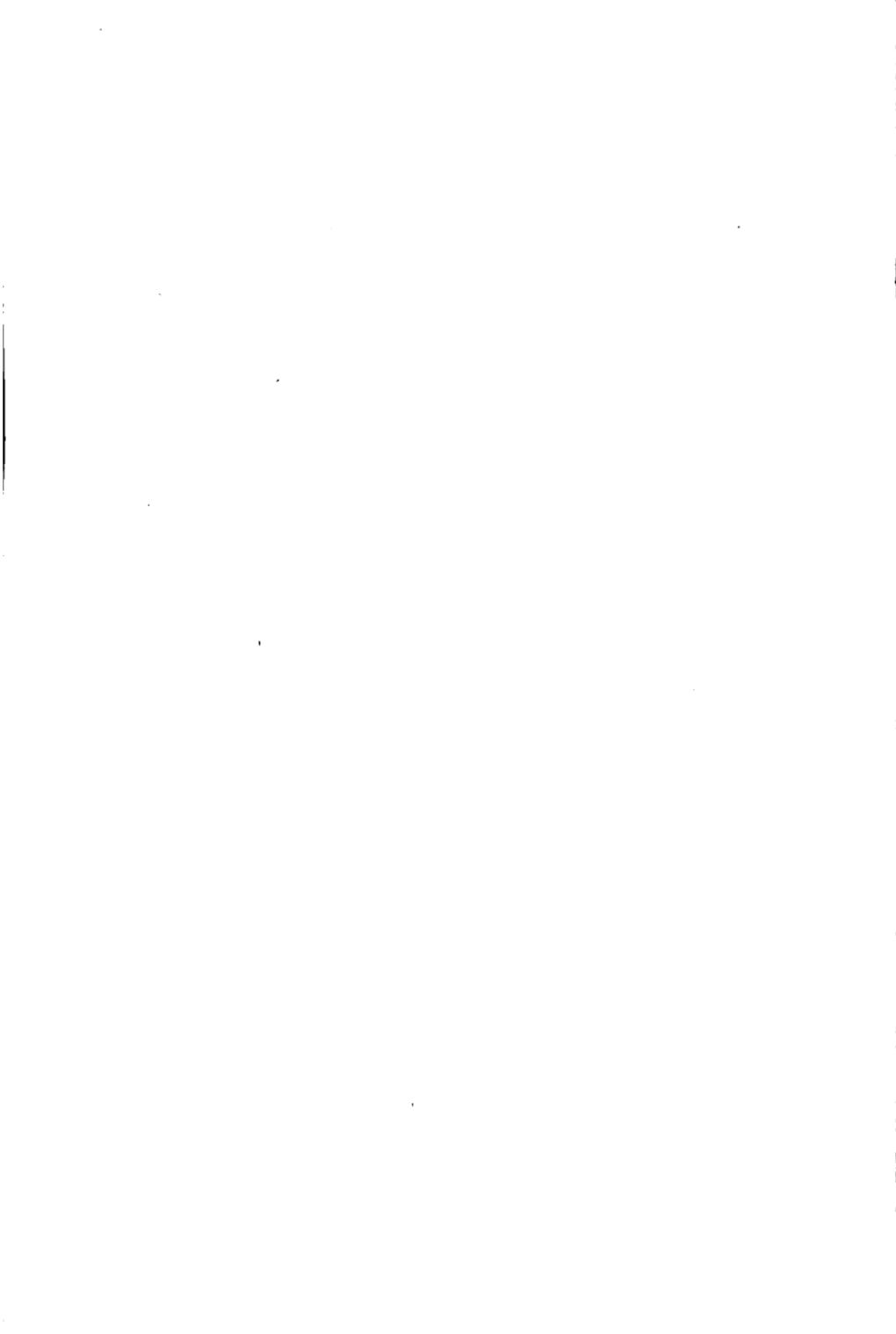
economy of operation rather than with benevolence."

"On the whole," he continued, "our plan of representation does not differ radically in form from plans which other corporations are operating with some measure of success. It has been my endeavor to imbue it with a spirit which some knowledge of human nature, derived from an experience of over thirty years as an industrial manager, convinces me must be the essence of any plan which is to be permanently successful. I have tried to implant in the minds of our employees the idea that the interests of the corporation with which they are associated are their interests and that our common interests are best promoted by unity of effort. That idea is a very old one—as old, in fact, as the oldest records of the human race. I do not call it industrial democracy or attempt to give it a new name of any kind. And I am concerned mainly with its application. In-

dustrial leaders have been lamentably slow—slower even than labor itself—in learning how to apply it. I am not sure that I, myself, have yet learned how in the fullest measure; but experience with the representation plan, by giving me an enlarged perspective, has at least improved my mental attitude. Once I fancied there was some gain or glory in winning a strike. Now, as I recall the many strikes that entailed a waste of energy on my part and kept our employees both inefficient and poor, I see how stupid it was of me, equally with them, ever to have had occasion for one."

"Strikes as a form of expression may once have been necessary and may still have to be resorted to in some cases," the manufacturer concluded as I stood up to leave the train, "but with us their need has been outgrown because of a clear understanding of their causes brought about through conference under our employee representation plan."









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